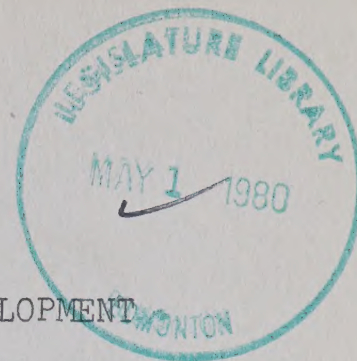
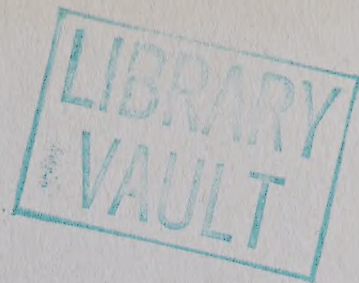


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Vol 20



ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT
OF CALGARY AND EDMONTON

COMMISSION MEMBERS

Dr. G. Fred McNally, Chairman,
Mr. G. M. Blackstock, Q.C.,
Mr. I. C. Robison,
Mr. C. P. Hayes,
Mr. P. G. Davies, Q.C.

Dr. H. B. Mayo (Consultant)

Mr. Wm. McGruther, Secretary.

P R O C E E D I N G S

held before Royal Commission at the Court House,
in the City of Calgary, in the Province of Alberta.

SESSION - 2nd FEBRUARY 1955

VOLUME - 20

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4. $\frac{1}{2} \times \frac{1}{2} = \frac{1}{4}$ (probability of getting one tail and one head)

VOLUME 20

MORNING SESSION

2 February 1955.

MR. BREDIN: I have, Mr. Chairman, the further information which was requested by the Board. I think I have everything up to date now. Would you like me to present that later or at this time?

THE CHAIRMAN: I think now, if you please, Mr. Bredin. Mr. McGruther, you did not have time to complete that little memo for me, did you?

MR. McGRUTHER: I was starting now.

THE CHAIRMAN: Very well, then, Mr. Bredin.

MR. BREDIN: The first was the figure of the price paid by the Forest Lawn Light and Power to the City for power in 1954. He paid \$14,098.45. That is the net figure. The gross figure was \$14,800.00. Would you like both figures? The gross, \$14,840.48, but with the discount he actually paid \$14,098.45. That was for 1,364,000 kilowatts.

Then I have six copies, Mr. Chairman, of the Board Order relating to the annexation on the north which dealt with those mink farms, and I have copies of the other Order under the Public Health Act dealing with hogs, fox farms and fur farms in the City limits. I think that is everything now that was requested.

THE CHAIRMAN: Would you proceed to give us

numbers for those three exhibits, Mr. McGruther?

MR. McGRUTHER: This Public Health Act Order on hogs, fox farms and fur farms, 87-C.

PUBLIC HEALTH ACT ORDER
RE HOGS, FOX FARMS AND FUR
FARMS MARKED EXHIBIT 87-C.

MR. McGRUTHER: And the Order in connection with the annexation of lands laying to the north of the City, that will be 88-C.

ORDER RE ANNEXATION
MARKED EXHIBIT 88-C.

COMMISSIONER BLACKSTOCK: What is the number of that Order, Mr. McGruther?

MR. McGRUTHER: 15820. This submission of the Calgary Power Limited to the Royal Commission will be 89-C.

SUBMISSION OF CALGARY POWER
LIMITED DEALING WITH THE
CALGARY AREA MARKED EXHIBIT 89-C.

SUBMISSION OF THE CALGARY POWER LIMITED
TO THE ROYAL COMMISSION ON METROPOLITAN
DEVELOPMENT DEALING WITH THE CALGARY AREA

We would refer you to the summary of their recommendations contained on Page 14 of the brief. Subsequent to the presentation of this brief to the Commission, a meeting was held with Calgary Power officials and the City Commissioners. After some discussion on the recommendations, we feel that a better understanding has been reached and that our approach to this problem should be one of mutual cooperation. The City's position was pointed out to Calgary Power

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officials and the following points brought to their attention.

With regard to Clause 1, the City are quite prepared to go along with the Company's recommendation in terms of the immediate future. The City have already indicated to the Metropolitan Commission that they had no desire to disturb the present power services to two or three large industries already being served by the Calgary Power Limited should the areas occupied by these industries be annexed to the City in the near future. Fundamentally, however, as the City's contract with Calgary Power reads, the City have the exclusive right to distribute power within its present, or what may be its future City boundaries. The City, however, would not want to disturb any present arrangements unless it was possible for them to supply power to these industries at a rate that was competitive to that supplied by the Company. In all probability, this could only occur if the City were to become a prime producer of power or found itself in a position to vary its rates from its present schedules to a degree whereby competition with the Company could be met. It is suggested that if annexation of these areas should take place, that a separate agreement between the Company and the City would be advisable, setting forth the terms and conditions which would apply not only for present consumption but for future possibility.

and the following points should be considered:

Considerations

With regard to Clause I, the City's policy is prepared to go along with the Company's recommendation in terms of the immediate future. The City has no objection to the Metropolitan Commission that has no objection to disband the present power services to two or three large industries already being served by the City. However, limited should the area covered by these industries be annexed to the City in the near future. Subsequently, however, as the City's contract with Calgary Power remains, the City has the exclusive right to distribute power within its present, or what may be its future City boundaries. The City, however, would not want to disband any present arrangements unless it was possible for them to supply power to these industries at a rate that was not prohibitive to that supplied by the Company. In all probability, this would only occur if the City were to become a prime producer of power or found itself in a position to take its rates from its present schedule to a degree whereby competition with the Company would be possible. It is suggested that if such a situation arose, the City should take place, that a joint venture between the Company and the City would be desirable, setting forth the terms and conditions which would apply only for present consideration but for future possibility.

In regard to Clause 2, it was agreed that any approach to new industrial consumers should be on a mutually cooperative basis. The City, naturally, would prefer to serve all customers within its limits, but because of the possibility of rate disadvantage would prefer that the Calgary Power Company should be permitted to sell to industry within the limits rather than force the industry to build outside the City's boundaries. In other words, it was agreed that rather than the Company being free to negotiate as the recommendation states, which could be construed as competitive from the City's point of view, that the approach would be a cooperative one between the City, the Calgary Power and the potential industry to ensure that they would receive a satisfactory rate.

It should be pointed out at this time that the City will be proceeding with a complete investigation of their present rate schedules with a view to determining whether it will be possible to negotiate with Calgary Power Company for the purchase of power on a different basis from the present flat rate per kilowatt hour. It may well be that this will result in producing a rate that can be beneficial from the City of Calgary's point of view in dealing with industries. After this investigation has been made, and if a new rate schedule should be adopted, then the City believe that the mutual points that have

The first part of the report
describes the general situation
of the country and the
state of the economy.
It also mentions the
political situation and
the state of the
army.

The second part of the report
describes the state of the
economy and the
state of the
army.

The third part of the report
describes the state of the
economy and the
state of the
army.

The fourth part of the report
describes the state of the
economy and the
state of the
army.

been discussed should be incorporated either in a revised agreement with the Power Company or by separate agreement.

In regard to Clause 3, the City are prepared to go along with this recommendation, but believe that the local planning authorities should be permitted to have their say, but should not be in the position to control a decision that might impose heavy financial penalties on the Power Company. Local planning authorities, however, should be able to point out, if any, the dangers or hazards or disadvantages in the location of future transmission lines, particularly when dealing with a metropolitan area, so that the complete problem may receive proper assessment at the provincial level.

Recommendation 4 is, of course, one of prime importance to the City of Calgary and is recognized as a mutual consideration of both the Company and the City.

THE CHAIRMAN: Mr. Blackstock raises this question, that although we numbered the comments submitted by Commissioner Strong yesterday in response to the recommendations made by Calgary Power Company, that we received it as an exhibit but it is so important a document that he feels it should be written into the record. May I take it for granted that the Commission would like to have that done? Mr. Robison?

COMMISSIONER ROBISON: I am agreeable.

COMMISSIONER DAVIES: I wonder if Commissioner Strong could give me the figure to convert kilowatts to horsepower?

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the twenty-sixth is the fact that the

MR. STRONG: 746 watts to the horsepower.

MR. BREDIN: I think, Mr. Chairman, I said kilowatts. It should read "kilowatt hours", 1,364,000 kilowatt hours.

THE CHAIRMAN: Commissioner Strong, were the copies of the rejoinder of the City to the recommendations of the Calgary Power Company distributed yesterday quite widely or were there just copies for the Commission?

MR. STRONG: No, Mr. Chairman, they were just distributed to the Commission. We have a number of spare copies, though.

THE CHAIRMAN: I thought Mayor Mackintosh, Mr. Nolan, Mr. Harries might like to see them.

MR. STRONG: Perhaps we should bring copies of that at noon so there will be some spare ones here.

DUDLEY E. BATCHELOR, recalled,
already sworn, testified as follows:

THE CHAIRMAN: Now, Commissioner Batchelor, I do not know of how many additional questions have been thought up over night, so that I am going to leave with you Commissioner Robison. He should be able to ask searching questions.

Q COMMISSIONER ROBISON: Well, these are the general questions I referred to yesterday, Commissioner Batchelor, and if you can not or are unable to answer some of them

The first part of the report discusses the general situation of the country and the progress of the work. It is followed by a detailed account of the various projects and the results achieved. The report concludes with a summary of the work done and the plans for the future.

The second part of the report deals with the financial aspects of the work. It gives a detailed account of the income and expenditure of the organization and shows how the funds have been used. It also includes a statement of the assets and liabilities of the organization.

I could pass them to Commissioner Strong. In the first place, referring to form of Government, there is another alternative in there, I think, Mr. Bredin, it is a harsh one and rough, it is taking the municipal government over by the Province under sort of a caretaker government if the City fathers do not do their job properly. It is a possibility, it has happened other places. Now, consequently, supposing that this plan is implemented, what is your thought on the possibility or otherwise of representation from Bowness, Montgomery, Forest Lawn? The issue has been raised before us. What would be your thinking on that, should they have representation on the City Council from the areas specifically?

A Of course, Mr. Chairman, I mean, that would be going along the lines of the ward system, which, of course, we have not in vogue in the City of Calgary. I mean, any citizen of the Calgary area would be represented indirectly by his vote at the election. If you are speaking of specific representations for those areas, any area in the city has the right to petition the council about their areas. Council is being continually petitioned by the various areas and council as a whole must deal with those petitions.

Q Do you think that would affect the interests of those areas where the people are concerned at the present time, if amalgamation takes place, to be properly looked after?

A As I say, any group of citizens are always heard by the council, and I would assume that council would give them the same consideration as they would any other section of the city.

Q Did you ever think of the advisability or otherwise of having some form of representation from these areas for a period of, say, five years?

A The way that could be possibly set up, and I am not thinking of the legal implications of it at all, Mr. Bredin probably might answer that, which could be, you might set up an advisory committee of those sections for a period of years which could meet with the administration to bring up their problems, if necessary, and if we felt they were justified we could always work it out with them and take it to our council. It might be a good idea for a period of a year or so.

Q Do I gather inferentially that the City of Calgary would not favour a ward system?

A Of course, that is a question I could not answer, Commissioner Robison. That is something that the electors of the City would have to decide.

Q What would be your own personal view?

A A representative committee for a period of years, or a ward system? I do not think I am in favour of the ward system at the moment.

Q You are not, all right. Let us go on, then. Now, I want

to ask some questions about administration if this plan were it to be implemented. In the first place, assuming that the amalgamation has taken place, has the City sufficient staff at the present time, water works, electric power, in every department, engineers, have they sufficient staff to take care of this over-all area?

A From the administrative set-up, I presume you are attacking the question?

Q Yes.

A I would say that the City has a fully integrated administrative system and the various departments are set up on a basis whereby the volume of work that is required is quite adequately covered under the present system. It might mean if the work expanded considerably that some additional staff might have to be added at the lower levels. As far as administration is concerned, the City of Calgary is fully equipped to handle the situation.

Q It would present no additional problems?

A No.

Q Consequently, if this plan is implemented, there will undoubtedly be matters of roads, maintenance, affairs of that kind to think about. Is the City sufficiently equipped?

A Of course, if you discuss this with your operating departments they will always tell you they haven't sufficient equipment to do everything they want to do. It is a

question of how far you go with your equipment, whether you reach a point whereby it is better to contract certain works, and so on and so forth. As the City expands, we have to add to our equipment.

Q You do not see any special problem there, either?

A No.

Q Now, Commissioner Batchelor, did --

Q THE CHAIRMAN: Did Commissioner Strong or one or the other, at a previous meeting, tell us it was your custom to do a certain amount of your public works with your own equipment and contract some others?

A Yes.

Q It seems to me that is a very flexible arrangement.

A That is right, sir.

Q COMMISSIONER ROBISON: Now, this issue was raised in Edmonton and we face it here where there may be employees in any of these areas, permanent employees. Would the City be in a position or willing to take those employees over? Would you think that the right thing to do in Forest Lawn, Bowness or Montgomery? You have got a secretary-treasurer, I think, in Bowness, and I do not know whether they have a permanent fire chief. Have they, Mayor Mackintosh?

MR. MACINTOSH: No, sir.

COMMISSIONER ROBISON: They have, I think, in the place on the west side of Edmonton.

Q What would you think the City's attitude might be in

...with your equipment, whether
you're going to use it or not, it is better to have it
there, and so on and so forth. It is a
special problem.

Now, Commissioner Robinson, did --
THE CHAIRMAN: Did you say that?
...a few years ago, I think
...to do a certain
...with your own equipment and
Yes.

Now, Commissioner Robinson, this issue was raised
...and we face here where there may be employees
in any of these areas, permanent employees. Would the
be in a position or willing to do those employees over?
Would you think that the right thing to do in Forest Law?

regard to that?

A Well, of course, I don't know. We would have to investigate that matter and find out who the employees were, and so on and so forth, because we are controlled to a certain extent by our various regulations insofar as employee personnel is concerned. The pension plan has a direct bearing on this sort of thing, for instance.

Q Would any employees of civic associations have anything to say about a matter of that kind? I do not know what they call them.

A The city employees are highly unionized. It is a problem I could not answer offhand, I would have to investigate it.

Q All right. I refer now to the grant in lieu of taxation on Government property. There is one point I want to clear up, and it arises from what we call the Manitoba report where Government property is used commercially. The recommendation was it should bear the full mill rate, but where ornate Government buildings, we have a few around here, that might fall in that category, recommended that they receive special consideration, a building like this, for example, possibly. They are not built primarily for revenue purposes or commercial purposes. Would you agree there might be so far as senior governments are concerned two classes or categories of property from which you would receive grants in lieu of taxation?

A That is a possibility, yes.

regard to that? Well, of course, I don't know we would have to investigate that, we can find out with the employees' work and so on and so forth, because we are controlled to a certain extent by our very representative function as employee personnel is concerned. The pension plan has a direct bearing on this sort of thing for a time. Would any employees or civil associations have anything to say about a matter of that kind? I do not know what they all think.

The city employees are highly nationalized. It is a problem I could not answer off-hand, I would have to investigate it. All right. I will be in line of taxation on Government property. There is one point I want to clear up, as it arises from what we call the Manitoba report where Government property is used commercially. The recommendation was it should bear the full mill where other Government property is used. We have had a case here, that full mill rate case, yes.

Q Worth looking into, yes, all right. Do I gather, too, that this matter of industry and taxation on processed machinery, the issue has been raised constantly before us, that it might be wise to look into the provisions of the Ontario Assessment Act? You are familiar with that, I think, Commissioner Batchelor?

A I wouldn't say I am familiar with it, but we do know something about it. We feel that is something that requires a complete study of it. I mean, we can not answer the problem. We pose the problem here because it has been brought to our attention. We feel the question of taxation of industry within this Province should be a matter of study.

Q At the Provincial level?

A At the Provincial level.

Q I want to raise the question of housing. The Calgary Real Estate Board in their brief went into the question of housing and personally, I am most interested in the problem of houses for so-called lower income groups. I am going to read you two short portions from the submission "The Case for Alberta", the Rowell-Sirois Commission, that was filed. I am reading two short passages. On page 322:

" A pressing need of our people could have been met and the problem of unemployment relief partially solved during the last few years, by a planned system of low-cost home construction, if funds had

as all right.

very much.

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General Assessment, which is a

think, sometimes

I wouldn't say that it's

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at the Provincial level.

At the Provincial level.

I was to

heard in their brief

ing and personally.

been available on long terms and at a low rate of interest."

Now, the second portion is on page 334 under the heading "Suggestions for Remedies".

" A systematic, large scale, low cost home building programme is a requirement for rural and urban Alberta and could be undertaken by the Province if it had control of its own credit."

Now, in 1945 the Province passed in Alberta the Housing Act, and I am not clear yet whether the Act has become law or not. In any case, do you think it is advisable for the Province and the various municipalities to take another look at this housing matter for the so-called lower income groups?

A Well, I would say that there seems to be even at the national level some demand for an extension of the housing program into a lower income group. Are you suggesting that the municipalities and the Province combine under the present scheme?

Q In the Alberta Housing Act that is contemplated -- are you familiar with that Act, Commissioner Batchelor?

A Not too familiar with it. You mean the power is there?

Q It has never been exercised, I believe.

A That is something, again, Commissioner Robison, that is a matter of policy which councils would have to decide, but I must admit that personally I have always been a

been available on long forms and at a low rate of

interest.

Now, the second portion is on page 334 under the heading

"Suggestions for the future."

A first suggestion is that the rate of interest

on the program be a requirement for the rate and amount

of the program be taken into account in the

it had control of the program.

Now, in 1945 the Province passed the Housing

Act, and I am not clear yet whether the Act has become law

or not. In any case, I think it is a good idea for the

Province to have the power to make changes

look at this housing matter for the so-called lower income

groups?

A. Well, I would say that there seems to be even at the

national level some demand for an extension of the housing

program into a lower income group. Are you suggesting

that the municipalities and the Province combine under the

present

little adverse to the City getting into the real estate business in any way, shape or form. Our experience with it has never been good.

Q Is it your opinion that something should be done to maybe plug that gap?

A I really think that if we desire to bring those areas up to standard, which I think we all do, up to city standards, I should say, something would have to be done with the present legislation. I think the cities are empowered in the case of the installation of present utilities -- I think Mr. Bredin can amplify that, but that also we can charge on taxes, you see. That is another thing, it is a matter of policy and a matter of whether the City could finance it, which is a question in my mind. I think these are better done at the higher levels, but there is something there that would have to be done. The mere fact of putting in the utilities into these areas tomorrow does not by any manner of means solve the problem. The problem is, in many cases would be, how would the people obtain, say, \$1,000.00 at least in order to put plumbing into their houses. There would have to be some scheme worked out whereby they could finance that on a very reasonable basis in order to enable them to take advantage of the facilities that were there.

Q Well, I do not want to labour that question, but I gather that you feel that something might well be done in that area?

A That is correct.

Q There is my last question, and I am going back to something that we got yesterday afternoon with regard to electric utilities. I am referring to Section 446 of The City Act under which I believe the City has the power to assess at an arbitrary figure, which is not a precedent for private industry, the utility. My question is this: Would it not be well with respect to the electric utility for the City to assess it and set a mill rate and take a substantial portion of the profit in the form of taxes?

A Well, it would be another method of deriving the revenue that we do now from it. That is your suggestion. It has a certain amount of merit but, as I said yesterday, the end result would be the same. Now, I will say this, that Commissioner Strong and I were recently discussing this matter, and we feel at this time, not on account of your suggestion but for other reasons, that we would like to have an evaluation of the plant and machinery of this particular utility, and that is something we are going to proceed with. Having that information, we can decide from there which is the better way of handling this thing, and I think your suggestion is something we have in mind.

Q Well, I would suggest you look at Section 446 again and consider it carefully. That is all, Mr. Chairman.

Q COMMISSIONER BLACKSTOCK: Following up that, Mr. Batchelor, have you come to any conclusion as to the basis

on which that valuation should be made? There are two thoughts in public utility valuation, and one is original cost less depreciation, and the other is replacement value. Have you given any consideration to which method you would adopt?

A Well, I don't know which we would adopt, but I would think that we would adopt replacement cost.

Q Which is contrary to the principles laid down in most places for the purpose of rate making. Replacement value less depreciation would be very proper in expropriation or as a basis for a negotiated sale.

A As I was saying yesterday, in this particular utility I think we would be more concerned with the replacement cost because we have -- we applied so much on the original it has practically disappeared, it has gone on for a period of time, and I think the replacement cost figures would be of more value to us.

Q And then, of course, if you wanted to arrive at what would be a proper rate of return on that investment, then your rate of return would be greater if you used original cost than if you used replacement cost.

Q COMMISSIONER ROBISON: For taxation purposes under 446 the City has wide powers in regard to assessment on that property?

A Yes.

Q It is not to be a precedent for private properties.

- Q COMMISSIONER HAYES: I have a couple of thoughts in mind here. These people of low income who are situated in, we will say, adjoining municipalities, do you think the reason they are of low income is because the industry that they work for is not giving them an adequate return?
- A I do not think I am in a position to answer that, Commissioner Hayes. I haven't any idea what the reason for it is.
- Q It looks to me, though, that if this is a so-called city pool of labour here and you use it as such that there is some responsibility on the over-all picture to see that all within that orbit are adequately taken care of. Now, I am just a little at a loss to fit these people in. In other words, they can not have their way. Now, it is suggested to us that the Government somehow enter the picture. Well, now, let us presume that the Government did enter the picture insofar as extending utilities to those people, that would not be sufficient, though, would it?
- A Mr. Hayes, I do not think it is a fair statement to say that those people can not pay their way. I think many of them are to be commended for going out and doing what they have done. While the standard is not up to the City standards, they are far better off living in the conditions they are with families, and so on and so forth, than trying to rent very confined accommodation in the City of Calgary for the amount of money that they have to play with. The question is whether we wish to raise the

standard of living of a fairly large population group that are living adjacent to this City or will become part of the City. That being the case, that is where Governments enter into the picture.

Q My point is, Commissioner Batchelor, that while they live in these adjacent districts they are part of Calgary, and you say to raise them up to a certain standard, but as I see it, Calgary does not want to take any steps to raise them up to the standard, it is up to somebody else to raise them up to that standard. Am I right in that thinking?

A Calgary says they are not in a position to do it financially, that is the point.

Q If you were in a position, though, is there merit in your accepting some responsibility, the City, to raise them up to the City standard, if you were in a position?

A Well, of course, I would say then we are getting into the realm which the Mayor has already stated before this Commission. He felt there was a responsibility on all Governments to try and see that the standard of living of the inhabitants was raised. That is a very broad field. It is something I am not in a position to answer. We are faced with what we can do, it isn't a case of what we want to do. The whole point was in this submission to you, I think, that it is desirable that large populations adjacent to the City for health reasons alone have certain amenities which they have not got at the moment, and that

standard of living is a fairly large number from that
are living at about the same level. I will mention that the
city, I think, is being the case, when governments enter
into the picture.

The point is, Commissioner, according to the five in
these and some districts even as far as I know, and you
say to raise it up to a certain amount. But I am not
certain, however, that it is not to raise them up to
the standard, it is up to somebody else to raise them up to
that standard. I am right in that thinking.

Eighty seven have not in a long time, I think, been
in the city. I am not sure, but I think they are
some responsibility, and they are taking them up

to the city standard, if you were in a position
Well, of course, I say then we are putting into the
realm which the had already stated before this
commission. He felt there was a responsibility on all
governments to try and see that the standard of living of

bring us to into the picture somewhat, you see.

Q There was one in the exemptions here, they call it War Time Housing. Just what does that refer to? It is in the exemptions.

MR. BREDIN: Mr. Chairman, just after the war the Government put in a number of housing projects located throughout the City, and on those there is a fixed rate of taxation paid which does not presume the full taxes, and those agreements stand for, I think, 20 years or until such time as they are sold.

MR. BROWN: They could be sold in 10 years.

MR. BREDIN: There are still a few, but the rest of the taxpayers have had to subsidize those ones by reason of the fact that they are not bearing their full share of the property tax.

COMMISSIONER HAYES: That is all, Mr. Chairman.

THE CHAIRMAN: Mr. Davies, are you ready now?

Q COMMISSIONER DAVIES: Commissioner Batchelor, I am coming back to public utilities again because the same problem, as far as I am concerned, exists in Edmonton and Calgary, and I am treating you both the same. It involves the spending of many millions of dollars of public funds, and I do not feel that I can dismiss a discussion of public utilities in this City or in Edmonton with just a

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short discussion. I would like to summarize, if I can, what I understand the position of the City of Calgary is on the operation of electricity as a public utility, and if I am wrong I wonder if you will correct me. As I understood your evidence yesterday, it is as follows: The operation of the electrical utility by the City of Calgary, with a view to operating at cost and giving the patrons the benefit of electricity at cost, sounds all right in theory but does not work out in practice.

A You are speaking of the City of Calgary?

Q Yes. Does that properly represent the position you took yesterday?

A That is right. I said theory and practice are two different things.

Q Would you concede to me that that is different here than in the Province of Ontario?

A The Province of Ontario is vastly different.

Q Right. Can I go a step further and say this, that the City of Calgary believes that its electrical utility should pay all the taxes to the City that a private utility company would if it had a franchise, is that right?

A Yes.

Q Is this correct also, a statement of policy in Calgary whereby our capital expenditures should be met out of current revenue, even though this keeps the rate up?

A Well, so long as your rate structure will stand it, we

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find it advisable to do it that way. Whether that policy is going to continue, I sometimes am inclined to doubt. In other words, we sold half a million dollars worth of debentures last year for this utility and probably there will be more sold in future as the expansion program continues.

Q Would you tell me what the prospect in the City of Calgary is for any rate reduction in electricity? Do you know of any prospect the public ahas?

A Not at the moment.

Q Would you think that the prospects are poor?

A I wouldn't want to answer that because we are in the position now where we are going to make a complete examination of our rate structure. What that will bring out -- until we have those findings I could not answer.

Q Could you answer this question: If the prospects of the citizens of Calgary for a reduction in the rates of electrical energy in the future have to be judged by what has happened in the last 15 years, then the prospects are poor for any rate reduction?

A Yes.

Q That is a fair question, and you have answered it.

A I might say there, Commissioner Davies, that we do not feel that our rate structure is wrong, that is the point. As a matter of fact, in some utilities we feel that the rate structure is inadequate at the moment, speaking

The first part of the report deals with the general situation of the country. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

The second part of the report deals with the economic situation of the country. It is a very interesting and informative study of the country's economic development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's economic development.

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The sixth part of the report deals with the future of the country. It is a very interesting and informative study of the country's future. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's future.

The seventh part of the report deals with the conclusion of the study. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is easy to read. It is a valuable contribution to the study of the country's development.

particularly of the water works.

Q Is it the policy of the City of Calgary to use the electrical utility for the purpose of raising revenue?

COMMISSIONER BLACKSTOCK: Over and above the cost of power?

A Well, in the operation of this thing, the way we operate it, results in some contribution to general revenue.

Q COMMISSIONER DAVIES: Does the City of Calgary expect to be able to sell power to industry as cheaply as they do in Ontario or elsewhere if you adhere to this policy?

A Well, as I said before, Commissioner Davies, we are in the process of re-examining our rate structure, and that may have quite a bearing on the net result, the allocation of rates between industry and various types of consumers. The Gas Company were faced with that in the last few years, as you remember, a complete re-examination of their rates to see what the costs of certain services were and allocate them proportionately.

Q I would like to quote a statement from 73-C:

"Calgary's big problem.....(reading).....

from a municipally owned plant."

Wouldn't it be reasonable to suppose that if that situation exists it would be to the benefit of Calgary and industry in the Calgary area if they tried to do something to cut their profit down and reduce their rates?

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A But, Commissioner Davies, I think this was brought out by Commissioner Strong in previous evidence that our interpretation of the legal position of the City was that we could not cut our rates to industry below the rates at which we produced the power. It would be a form of subsidy, but I believe that is the case.

Q Another question. Are you willing to have your rates the subject of review by the Board of Public Utility Commissioners of Alberta?

A I do not think there is any necessity for that. I do not think we would be particularly in favour of it.

Q Would you expect it might do any harm?

A Well, I wouldn't know. It would all depend whether they wanted to look upon us the same way they would a private corporation.

Q COMMISSIONER BLACKSTOCK: To say there is no necessity does not answer the question you were asked.

A I thought I had answered it.

Q You said there was no need for it, that was the effect of your answer.

A I would say this, that I suppose if the consumers -- if the Utilities Board decided this was wrong they could bring it to our attention. The idea of the Board is to see that --

Q Put the question in another way. At the present time the Municipal Corporation owning utilities is not subject to

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regulation by the Public Utilities Board. Do you think that is a proper principle or do you think that a municipally owned utility should be in the same position as one privately owned, as far as regulation is concerned?

A Well, I feel that we should be allowed to regulate our own utility. We are the ones that own it and operate it. I think we are subject to regulation through our elected representatives. We are not outside the law to the same extent that a private corporation would be if they did not have a controlling body. You see, the controlling body is our City council.

Q That, of course, is another place where theory and practice really do not work.

Q COMMISSIONER DAVIES: It does not work out very good with respect to the situation existing in the water works department, does it? As far as the Council controlling the water rates and the water works division of your operations, it doesn't look as though you are beginning to pursue a policy in the City distribution of water supply that a private company could pursue, are you?

A Well, that goes back to what Commissioner Blackstock says, but eventually Commissioner Strong will prove his point. I mean, if we get to a position where this utility is having difficulty financing, then it will force the issue and our figures will bear out our ideas.

Q On the question of taxation of power lines, may I remind

1. The first part of the report

is devoted to a general

description of the

method used in the

investigation.

The second part

contains a detailed

description of the

experimental

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The third part

contains the results

of the experiments.

The fourth part

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conclusions of the

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The fifth part

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The sixth part

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you what the position is in Ontario. You know in Ontario that there are large private power corporations, Commissioner Batchelor?

A Yes.

Q As well as the Provincial authority, the Hydro-Electric Power Commission, that is right, isn't it?

A Yes.

Q And I presume you know that the private power companies in Ontario have been able to successfully compete with Ontario Hydro-Electric Power Commission in the selling of energy to various industries?

A I am not aware of that situation, Commissioner Davies.

Q Well, I can assure you that is what the situation is in Ontario. Now, under Ontario Provincial law none of the dams or power sites or generating equipment of the Ontario Hydro-Electric Power Commission is taxable, and none of the transmission lines are taxable, and then when you get within a city itself, which has its own hydro-electric power commission, that is, the municipal hydro-electric power commission, the only thing that the city taxes, the City of Hamilton with a total population of 210,000, the only thing the city taxes of the municipal hydro-elective power commission is real estate and buildings, and they do not tax transmission lines within the city. Now, how do you feel about that policy provincially? That is different from here, isn't it?

A Well, just a moment now, are you speaking of a municipally owned transmission system?

Q No. You see, in Ontario the Ontario Hydro-Electric Power Commission owns certain dams and power sites and is also building certain steam generating plants. The Provincial authority owns those transmission lines and power sites. They deliver power to the city limits, for example, the City of Hamilton, and they are under statute compelled to sell it to the City of Hamilton at what is known as cost, then the municipal system, that is, the municipal hydro system that is within the cities in Ontario, for example, in Hamilton, they take delivery at the boundaries of the City of Hamilton, and then the City of Hamilton's municipal hydro commission, not the council but the municipal hydro commission of which the mayor is a member, happens to be a member, they own the power distribution system within the City of Hamilton, so to some extent there is a comparison between the situation here. The City of Calgary own the distribution system within the City of Calgary and distributes electrical energy. The only thing is, you buy it from Calgary Power and Hamilton buys it from the Ontario Hydro-Electric Power Commission. The point I want to make is this, none of the transmission lines of the Provincial Hydro-Electric Commission are taxable by anybody and none of the transmission lines within the City of Hamilton or other cities in Ontario are taxable, but they do tax the

building and real estate and that is all. Now, how do you feel about that as a policy? Can you see any good reason to justify a policy such as that compared with our own?

COMMISSIONER ROBISON: Well, I am not clear as to what our policy is.

COMMISSIONER DAVIES: Well, our policy is that the rural municipalities can not tax the transmission lines at present but the Province could but does not, but the cities and towns and villages can tax transmission lines at a fixed rate of 10 mills, Mr. Commissioner, if they wish to, and, of course, they can tax the property of the companies within their geographical boundaries. I think I have stated it correctly, haven't I?

A THE WITNESS: I am sorry, I can not answer that question.

Q What I am getting at is this: I would say that the policy in Ontario is based on the supposition and on the premise of furnishing cheap power and that anything that you add on those transmission lines is in the long run going to be added into the cost of power, because the utility rates in Ontario, even though it is the Ontario Hydro-Electric Power Commission, is under Provincial authority, and the municipal hydro-electric power commission is, then the rates are still subject to regulation by the Ontario Utilities Commission, so I suggest to you that the reason for this policy of treating power lines as they have in Ontario is that they recognize that it is a utility and

in the long run the cost is only going to be passed back to the consumer and they are sold on the idea of trying to furnish power as cheaply as possible to industry and as cheaply as possible to consumers generally. Now, this is the principle we are talking about. How do you feel about that principle?

A THE WITNESS: I think that is quite reasonable.

Q Does it sound reasonable?

A It sounds reasonable.

Q But it is different from what you have enunciated this morning as the policy carried on by the City of Calgary?

A The policy of the City of Calgary is different, I agree with that.

Q But this other policy that I am enunciating to you does sound like a very sensible and reasonable policy?

A If you are dealing on a Provincial basis. We wish to distribute power as cheaply as possible but the point is, as far as industrial power rates are concerned, we would probably find ourselves in the position where we have got to compete with power rates.

Q Can I tell you what it costs the City of Hamilton in 1953 for their power? I have it here. It cost the City of Hamilton, it paid the Ontario Hydro-Electric Commission over \$38.00 per horsepower for its power in 1953. I think the City of Calgary is buying it here considerably

cheaper than that, I know the Ammonia Plant is. You were going to give me that figure yesterday, you started to work on it.

MR. STRONG: \$24.00. This is on a maximum load.

COMMISSIONER DAVIES: \$24.00 a horsepower?

MR. STRONG: Right.

Q COMMISSIONER DAVIES: Would I be correct, Commissioner Batchelor, in assuming that the City of Calgary in the operation of its business purchases most of its supplies and goods wholesale rather than retail? I am not talking about power. As a matter of general policy, is that right?

A Yes, we deal with all the suppliers.

Q You purchase such large quantities of goods in the City of Calgary that you feel that you are entitled to get special prices for those goods?

A That is right. We would also like to be eliminated from sales tax, too.

Q Now, since the City of Calgary does not own generating equipment for the purpose of generating electrical energy, as far as furnishing industry in this area, you can not, in fact, be anything but a middleman, can you?

A Well, I wouldn't state that, because who knows but eventually we might be in a position where we are going to generate power ourselves.

Q Yes, but that is not answering my question. I will try

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Yes, it's not really, it's not really.

You purchase such large quantities of goods in the City of

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That is right. We would also like to be eliminated from

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and repeat it. As long as your position is that you are not generating, that you do not own and operate generating facilities here yourselves, as far as delivering power in large quantities to industry is concerned in the area, you are only a middleman, aren't you?

MR. STRONG: Mr. Chairman, what Commissioner Davies says is true. I think we are losing sight of the fundamental situation with regard to the use and distribution of power on the City's behalf. I mean, it is a matter of dollars and cents as far as the City of Calgary is concerned. I think we take no issue with the fact, with the theory of cheap power, but on the other hand, what is the City going to do in order to finance otherwise? Admittedly, they are using their power for indirect taxation. I do not think they have any quarrel with the principle, it is a question of where we are going to get the differential money in order to carry on.

COMMISSIONER DAVIES: Well, Commissioner Strong, let me put it this way: If the financial assistance that you get from the Province was sufficient to meet the needs for the services that this urban community have to supply in this area, the likelihood is you would be pursuing a different policy then in respect to power?

MR. STRONG: That is true, Commissioner Davies, but we have no assurance of that fact. I mean, all these things may be weighed by the Government on their

own merits. In other words, we might be put to a means test in regard to all of our operations. It was sort of suggested yesterday that that might be the case, We would then have to qualify with regard to our operations, there would have to be certain standards of operation laid down.

Q COMMISSIONER DAVIES: Well, I think that clears up the situation quite a bit. Your position really is that you are not doing what you would like to do?

A That is quite correct. We do not take issue with that statement. What we try to impress upon you is we are faced and have been faced with a situation for a good many years and we have had to take whatever steps we could to solve that situation. That is why I say, and I do not mean it in a flippant manner, that theory and practice are entirely different things.

MR. STRONG: I would like to add this, and I am sure the Commission will agree with me, that in the setting of rates it is to a great extent political. I mean, in the City of Calgary, and I think the same thing applies to even private utilities, that none of these rates are based on scientific costs, and we have realized that for some time. That is why we have had trouble with regard to the presentation of our water rates. They were increased 10% a couple of years ago. We were also able to get through an increase in the perpetual water frontage. It has always met with resistance from a political point of

view. The same thing applies to our electric light and power. We have been thinking about this for some time and we are preparing to have a complete survey just so we, at least, know ourselves exactly what the costs will be, and perhaps we will be able to do something about improving them.

COMMISSIONER ROBISON: I want to ask two or three questions on this power thing now, when Commissioner Davies is done.

COMMISSIONER DAVIES: You can ask them now.

Q COMMISSIONER ROBISON: In the first place, I would like to ask Commissioner Batchelor if this situation of using utility profits to reduce taxation is unique for the Cities of Calgary and Edmonton as far as you know?

A I wouldn't think it is unique, I don't know.

Q Do you understand or know that there are two schools of thought over this question of using the profits of the utilities for the reduction of taxation and the other theory of service to cost? Do you know if there are two schools of thought?

A That has been debated at great length. I think in part of the submission I made to you before I was quoting from an authority, and it is before this Commission. I quoted fairly extensively from it where it brings out the fact there are other factors enter into it. It may be a fairer distribution of the proportion of your costs but then that

view. The same is applied to the power. We have seen that we are not in a position to lead, but we are in a position to follow. This is the only way to achieve our goal.

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is always controlled to a certain extent by the question of whether your rates are equitable.

Q I am going to quote from from Crawford on Canadian Municipal Government, page 250, and a small portion on 253 and see if you agree with it. I am referring now to using your profits for the reduction of taxes:

"It is based, too, on the belief that there is nothing wrong in principle in operating public enterprises at a profit providing the operating authority does not take advantage of what is usually a monopoly position to charge exorbitant rates. Some justify the operation of municipal utilities at a profit as a means of taxing tenants and thereby relieving the burden on real property owners."

Would you say that is what you are doing in the City of Calgary?

A Substantially what we are doing. That bears out what I tried to say. I do not know whether I convinced you or not. What I have been trying to say, in order to spread the burden over a larger group of people this has been what we have done, and so long as our rates were not such that they would prohibit the people from using the utility then we can not have gone too far away from that picture, but Commissioner Strong and I particularly are both in agreement on this, that we would like to see as many services of the City as possible put on a self-supporting basis

and the direct users of the services contribute toward it. That was the reason for the incorporation of the sewer service tax. That is what we like to do. As Commissioner Strong has already said, business management is one thing and political control is another, and you must be very careful how you introduce those things because you meet a certain amount of public resistance.

Q Under Section 421 of The City Act, I think it is, the city passes bylaws with respect to rates, isn't that correct, under Section 421, and I assume that a bylaw has been passed in this city with regard to your rates. Would I be correct in that?

A Well, the rates have all received the council's approval. Any variation in rates has to be referred to the council.

Q Under Section 421?

A I am not sure of the section.

MR. STRONG: That is correct.

Q COMMISSIONER ROBISON: Now, have you any knowledge as to when this matter came before council the last time was supported by a bylaw?

A I can not answer that offhand. Do you remember, Mr. Bredin? Mr. Robison asked the question when specific reference to rates was made in the bylaw of the City of Calgary.

Q Is it safe to assume that the Commission's recommendations and the recommendations of the electric light department are rubber-stamped by the city council?

A No, not by any means.

Q After discussion?

A Absolutely, but there has not been any major change in the rates. There was a change in the frontage tax on the water works and there was a change in the discount. As far as the rate structure was concerned, I can not remember when it was last.

Q And on page 253,

"In Saskatchewan utility profits as a percentage of Municipal revenues in all urban municipalities increased from 5% in 1922 to 30% in 1947 and was as high as 41% in the cities in the latter year. In British Columbia cities, exclusive of Vancouver, utility surpluses increased from 61.1% of the gross receipts in 1936 to 13.8% in 1945."

Would you say, Mr. Batchelor, that there is any support there for the contention of one point of view, namely, that profits are used by urban municipalities in areas of the country to reduce taxation, used in the general revenue?

A That is correct. I would point out again that the situation in the City of Calgary and the City of Edmonton are vastly different. We are in this position where you see from our statement that the only utility that is contributing to general revenue profit is the electric utility, and that is going to be reduced.

THE UNITED STATES OF AMERICA

DEPARTMENT OF THE ARMY

TO THE SECRETARY OF THE ARMY
FROM THE CHIEF OF THE ARMY
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Q Apart altogether from the two schools of thought, I want to ask this question: Have you any knowledge or Commissioner Strong any knowledge of comparative rates there for electrical power in the Cities of Calgary, Hamilton, Winnipeg or Toronto?

A Commissioner Strong has a tabulation of that somewhere. I do not know whether he has it here.

MR. STRONG: We recently received a document that gave a comparison right across the Dominion.

Q COMMISSIONER ROBISON: Could that be filed as an exhibit?

MR. STRONG: Yes, it could be. I have also a copy of rates which were supposed to have been incorporated in the last submission of the City, which compare rates in effect, these are local, Calgary, Edmonton, Lethbridge, Medicine Hat, Drumheller. We will see that those copies are prepared and submitted to the Commission.

COMMISSIONER ROBISON: I would be particularly interested in the comparison of rates in cities across the country. If you have got that, Commissioner Strong, you can file it as an exhibit.

MR. STRONG: We can get it.

COMMISSIONER BLACKSTOCK: A lot of those comparisons may be comparing chalk with cheese. Your capital investment, operating costs, depreciation factors, all have a bearing.

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COMMISSIONER ROBISON: All I am interested in is what the consumer pays.

Q COMMISSIONER BLACKSTOCK: Now, one test with regard to rates is your saturation of use. What is the saturation of use of electric energy in this city? How many houses? How many buildings are in the city and how many do not use electricity and how many do?

A I do not imagine there are any in the city that do not use electricity.

Q In other words, you are 100% saturation of use. That is a fair test of whether your rates are reasonable or not.

A Then in the development of our rates, just speaking of this sort of thing, the combination, which is a special rate to enable people to use a lot of gadgets. The history of that rate has been that more and more people are going on it all the time, which would indicate that it is satisfactory, you see.

COMMISSIONER DAVIES: Are you through, Mr. Blackstock?

COMMISSIONER BLACKSTOCK: Thanks.

COMMISSIONER DAVIES: Now, Mr. Batchelor, in this book it refers to B.C. and Saskatchewan. Those are the only two provinces referred to in this book in what he has read. Despite what was read, I understand your position as being that you distinctly prefer the Ontario system so as to be in a position to furnish cheap power,

if it were open to you to take that position. Is that right?

A THE WITNESS: I think that we would prefer the position whereby we do not have to use anything from the utilities, to put them on a straight operating basis, and that is the policy that we have been pursuing. As I say again, this is the only utility we have not done it with. If we could operate without it --

Q I am afraid I will have to ask that question again. Despite what was read to you, from what you told me before, I understood that your view was that you would prefer to have your utility, your electrical utility in Calgary, on the basis of the Ontario system with a view to selling power as cheaply as you can, whether to industry or otherwise, rather than have to tax the way you do here, is that what your position is?

A I think that is our position in all the utilities but that does not run foul of what Mr. Robison has stated there, and that is what is customary or quite often the case where this is done.

Q Well, there is no argument about that practically, but I am trying to ascertain what the City of Calgary's principles are if they have any preference. Now, if I have it right, you would prefer to be in the position that you could sell power cheaply?

A That is right.

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Q And that means you would prefer to have your operation in Calgary in the position that you could sell it cheaper than you could sell it now, is that correct?

A That would be the preferable position.

Q COMMISSIONER BLACKSTOCK: I want to be quite sure there is not something unfair. I take it you mean this, Mr. Batchelor, as a matter of principle you believe in cheap power?

A That is correct.

Q But theoretically you can not put it into force?

A That is what I was trying to answer. I don't want to lead Commissioner Strong down the garden path.

COMMISSIONER STRONG: Perhaps this is confusing the evidence. What Commissioner Blackstock said, I think, is what we would, by and large, agree with, but I think when you take the history of municipally owned power plants, even in the last 25 or 30 years, and I am going back to Saskatchewan where I was quite familiar with the power situation there at one time, where municipalities sold to private companies in 1928 and 1929. Those municipalities gave up their best revenue producing interests and in the four years that followed they were left in terrible circumstances. While in principle we would like possibly to sell power as cheaply as we can, yet I think we would like possibly to retain some flexibility in the operations, the distribution of the electricity, because it is a source

of revenue that can be improved and can be reflected in a reduction to the citizens by and large, if necessary, and can also be a very potent source of income during periods of depression and so forth.

Q COMMISSIONER DAVIES: Commissioner Batchelor, if the theory of applying to the publicly owned utility all the taxes that the private utility would have to pay, whether carried to its logical conclusion, not only should you be taxing the transmission lines and all equipment and the real estate, but when that is all done you should determine the profit and then keep back 50% of that because that is what the Dominion Government takes off the private utility. Do you think you should go that far or stop before that?

A The only thing I am trying to say in taking those taxes from this utility, I say it is in a preferred position as a publicly owned utility over a privately owned utility and I therefore say we are justified in making it pay a certain percentage, leaving the profit out of it.

Q Well, I think that is quite thoroughly exhausted as far as power is concerned. That is all I want to ask on that, but I want to ask some other questions. We haven't got your rates for that, have we? We never got the Calgary rates. Could we have those filed now with what other statements you have?

MR. STRONG:

Yes, that was an oversight,

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Commissioner, Rochester, N.Y.

COMMISSIONER DAVIES:

the theory of applying the taxes that the private would have to pay, led to its logical conclusion, not only would you be taxing the transmittal lines and all equipment and the very essence, but when that is all done, should determine the profit and then keep it. That is the cause that is what the Dominion Government takes of the private utility. Do you think we should do that or not?

A: The only thing I am going to say in taking these taxes from this utility, I say it is in a very poor position as a publicly owned utility over a privately owned utility and I therefore say we are justified in making it pay a certain percentage, leaving the profit out of it.

Mr. Commissioner. They were supposed to be included in the statistics. I have only two copies here. We will see that copies are filed.

COMMISSIONER DAVIES: Could you hand one of those in?

MR. STRONG: Yes.

THE CHAIRMAN: And see that eight copies of the others are filed, Mr. Strong.

MR. STRONG: Yes, sir.

THE CHAIRMAN: Mr. Strong, I would suggest we adjourn until 11.10 and then you file them at the opening of the adjourned session.

(The Hearing then took a short adjournment.)

THE CHAIRMAN: Mr. Strong, you were at the point of filing with the Commission another exhibit. This exhibit you have just one copy of at the moment?

MR. STRONG: Yes.

THE CHAIRMAN: This will be 90-C.

STATEMENT OF RATES
MARKED EXHIBIT 90-C.

THE CHAIRMAN: What is it entitled?

MR. STRONG: It has not actually got a heading but it is a comparison of rates of various cities in Alberta.

COMMISSIONER DAVIES: Electricity rates?

Mr. Commissioner, I am very pleased to have you here today. I am sure that your presence will be most helpful to the Commission.

I am sure that you will find the Commission's work very interesting and that you will be able to contribute much to it.

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THE CHAIRMAN: Yes, Mr. Commissioner, will be DC-4.

- 2654 -

MR. BREDIN: You wanted one copy of this,
Dominion Bureau of Statistics?

THE CHAIRMAN: Yes.

MR. BREDIN: That is the only copy we
have. I imagine they could be acquired from the D.B.S.
We can file that one.

THE CHAIRMAN: I think we should have it
as an exhibit and our Secretary can get additional copies
of it.

STATEMENT FROM DOMINION
BUREAU OF STATISTICS
MARKED EXHIBIT 91-C.

THE CHAIRMAN: Now, are there any other
questions of this witness?

COMMISSIONER DAVIES: I have more questions about
different subjects, but I was wondering if this would not
be a very appropriate place to continue. Mr. Nolan is
here to deal with this exhibit that was just marked this
morning on the question of the relationships between
Calgary Power Limited and the City of Calgary.

MR. BROWN: Before we leave the power
question, there is one question that has always disturbed
me. If I could be privileged I will state it.

THE CHAIRMAN: Mr. Brown, I do not think
we are leaving the power question. It is Mr. Davies'
proposal that some opportunity should be given repre-
sentatives of the Calgary Power Company to question

Mr. Chairman, I am very pleased to have the opportunity to discuss this matter with you.

Thank you very much for your kind words.

THE CHAIRMAN:

Mr. Chairman, I am very pleased to have the opportunity to discuss this matter with you.

I imagine they would be interested in the fact that we can file that case.

We can file that case.

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either of the Commissioners in regard to this, what shall I call it, comment.

COMMISSIONER DAVIES: Yes, sir, the exhibit which was filed this morning.

THE WITNESS: I think Commissioner Strong would rather discuss this with the Calgary Power.

THE CHAIRMAN: I would like to ask you, Mr. Nolan, if you propose to ask any questions with regard to it, or make any comments with regard to the exhibit which was filed this morning?

MR. NOLAN: I did intend, Mr. Chairman, to make a comment, a general observation, but I do not intend to cross-examine. It is obvious from the statement itself that it has emerged as a result of negotiations.

THE CHAIRMAN: Thank you. And, Mr. Nolan, I might make the further comment that there are terms of further negotiation when specific cases arise.

MR. NOLAN: You mean contained in this statement?

THE CHAIRMAN: Yes.

MR. NOLAN: Oh, yes. The whole purport of the statement is that the City and the Power Company will continue to work as closely as they can in cooperation in order that one or the other or both may attract industry to this area, and for that reason, Calgary Power feels it is a very helpful statement.

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THE CHAIRMAN:

Thank you very much, Mr.

Nolan. Now, then, Mr. Brown, this is the time, I think, when you should make whatever statement you wish to make.

MR. BROWN:

Well, the thing that has always puzzled me in this 5-cent tax business is this: A declaration is made that by so doing you spread the load over a greater number of people. Now, presuming that the renter pays the taxes on the property that he rents, because the incidence of the taxation is always passed on to the renter, does it not follow that the 5-cent tax on the utility --

COMMISSIONER DAVIES:

5%.

MR. BROWN:

Well, it is 5 cents on the dollar, or 5%. The 5% tax on the utility is actually keeping the mill rate down and hiding the fact that it is being kept down from the general knowledge of the taxpayer. I have never been able to see yet that the load has been spread to any extent, it is put on the same people that pay the taxes anyway. That is my thought.

THE CHAIRMAN:

Well, Mr. Brown, if you look at the transcript of yesterday's proceedings you will find Mr. Batchelor's answer to that, which I think would cover it pretty fully. You do not wish to say anything more?

THE WITNESS:

I have no further comments. I think, Commissioner Strong, if you are going ahead on the rate question.

COMMISSIONER DAVIES: I was asking the Chairman if Commissioner Strong wishes to make any comment on this statement?

THE WITNESS: I think he was going to comment on it. If you wish me to get out of here and have him come in.

THE CHAIRMAN: I think I would like to keep your evidence all together or in as compact a form as possible. Have you many questions, Mr. Davies?

COMMISSIONER DAVIES: Yes, I have quite a few.

THE CHAIRMAN: On other phases?

COMMISSIONER DAVIES: Yes.

THE CHAIRMAN: Well, then, it would be your opinion --

COMMISSIONER DAVIES: -- that we should let Commissioner Strong stand up and make any comment or statement he wishes to make on this so that we have the electricity disposed of?

THE CHAIRMAN: All right, Commissioner Strong, if you care to make some statement here, just do it from where you are and we will leave the witness where he is.

MR. STRONG: I think the statement itself, as Mr. Nolan has explained, is pretty well self-explanatory. I do not think there is anything I can add except to state that we are prepared to approach

this subject from the mutual point of view, and endeavour to get industry located at Calgary.

COMMISSIONER DAVIES: There is one thing that is not covered in the brief and that is arising out of boundary extensions. Boundary extensions took place and the City finds itself in the position that it has perhaps certain substantial transmission lines of Calgary Power that would be within the boundaries, certainly they would be if the boundaries are extended as requested; I would like to know have you had any discussion with the Calgary Power on the question of taxation or no taxation on those facilities?

MR. STRONG: No, Commissioner Davies, we haven't discussed that matter with the Power Company.

COMMISSIONER ROBISON: Isn't that covered under the City Act?

MR. STRONG: It is, actually. We feel that if the boundaries are extended then the principles of the Act would come into force and effect.

COMMISSIONER DAVIES: That is the 10 mills?

MR. STRONG: That is the 10 mills.

THE CHAIRMAN: Now, then, Mr. Davies, you might proceed with Commissioner Batchelor.

Q COMMISSIONER DAVIES: Now, this is a miscellaneous list of questions. I am assuming I will have the chance to talk with Commissioner Strong after we are all through

with you about the water works. Has the council abandoned its view as expressed by the Mayor before Christmas that they want wider spending powers without submitting it to the ratepayers? Do you know what I am referring to? The Mayor gave us an illustration of what the position of the City was with respect to certain capital expenditures, namely, they had to submit those items to the ratepayers for their approval.

A That is right.

Q It cited the example of the School Board, that it was in a somewhat different position. Now, is the City just standing by and letting things stand as they were before, or is it part of their submission that they want this situation considered, whether or not the City's borrowing powers without reference to the ratepayers should be widened?

THE CHAIRMAN: I do not think that appears in the brief, it was just a comment he made.

MR. STRONG: I think the Mayor did express that he would like to see the powers of 642 of the City Act widened.

COMMISSIONER ROBISON: And that view is removed?

MR. STRONG: Yes, and the words added "to replace". That matter is presented to them, actually, and they have not made any comment as a matter of policy.

MR. BREDIN: I might say, Mr. Chairman,

The first part of the report deals with the general situation of the country. It is a very interesting and informative study of the country's development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's development.

The second part of the report deals with the economic situation of the country. It is a very interesting and informative study of the country's economic development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's economic development.

The third part of the report deals with the social situation of the country. It is a very interesting and informative study of the country's social development. The author has done a great deal of research and has gathered a wealth of material. The report is well written and is a valuable contribution to the study of the country's social development.

that since the Mayor made his presentation here the Union of Alberta Municipalities met with the Cabinet and as a member of that Union I was present, and the Mayor did ask that the word "replace" be added to that section so that where an existing building is in use that building could be replaced in a new site without a vote of the ratepayers. That request has gone forward to the Cabinet with some indication that it might be implemented this year although there is no guarantee.

Q COMMISSIONER DAVIES: Now, can I pass on to Exhibit 51-C, which was the exhibit filed dealing with the British American Oil Company's reduced assessment. I presume that was under the Industries Assessment Act, was it?

A I am not familiar with that, I am sorry.

Q We will leave that to Commissioner Strong?

A Either that or Mr. Bredin, Mr. Davies.

Q COMMISSIONER BLACKSTOCK: It has expired, hasn't it?

A Yes. Imperial Oil expired but not B.A. Mr. Bredin may be able to say how long the B.A. one has to run.

MR. BREDIN: I am not sure of that.

COMMISSIONER DAVIES: Well, then, Mr. Bredin, are we correct in assuming that the only tax deal outstanding in Calgary under the Industries Assessment Act?

MR. BREDIN: That is correct, yes. The Imperial Oil was the only other one that I know of and it has expired.

COMMISSIONER DAVIES: And you haven't had any applications from any industries under that Act for reduction of taxation that you know of?

MR. BREDIN: None that I know of.

COMMISSIONER DAVIES: I want to ask something about the Alberta Government Telephones which operates the telephone system in the city. Are we correct in assuming that their property is all exempt and their transmission lines are all exempt and the valuation of that is included in the list of exemptions in Exhibit 73-C?

MR. BREDIN: I think that is all, yes, sir.

COMMISSIONER DAVIES: Well, are they paying any taxation on the real estate down here as such?

A THE WITNESS: The only taxation we receive from the Provincial Government is on the liquor outlets, isn't that right?

MR. BREDIN: And the Marketing Board.

Q COMMISSIONER DAVIES They are not paying Calgary anything at all on the telephone exchange buildings?

MR. STRONG: Local improvements.

A You are referring just to taxes?

COMMISSIONER DAVIES: Yes.

Q COMMISSIONER ROBISON: That was the question I raised at the time, where the phone company bought that Renfrew Building.

A That came about while the Commission was sitting. I

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Dear Sir,
I have the honor to acknowledge the receipt of your letter of the 10th inst. in relation to the above matter.
The same has been forwarded to the proper authorities for their consideration.
I am, Sir, very respectfully,
Yours,
J. H. [Name]
[Address]
[City, State]

remember I got that figure out that morning.

COMMISSIONER DAVIES: I am trying to locate where the telephone property appears on your list.

A It will be in the total of the Province of Alberta figure on the list submitted to you.

Q On Exhibit 73-C, and that is a summary of exemptions in 1954, which follows page 10 of that brief, and it shows as follows:

" SUMMARY OF EXEMPTIONS 1954

Province of Alberta, 100%, \$1,634,060.00

Buildings 60%, \$1,758,165.00"

So the assumption is that the telephone building is in there and the land, and it is totally exempt?

A That is right.

Q Have you approached the Province about being liable for the taxing of that because it is a commercial undertaking?

A Well, of course, indirectly that approach has been made to the senior governments through various representations on behalf of the City prior to this, but I think I pointed out in some of my previous evidence that our position insofar as the Province of Alberta is concerned has somewhat changed in view of the unconditional grant which we have been receiving. I mean, they could quite rightly argue, "Well, we are paying to you more than the taxes on our property, we are giving you an unconditional grant."

Q Would I be correct in assuming that included in this

assessment as recorded here, that there is no assessment on transmission or for power lines of the Alberta Government Telephones?

A I think you would be correct in that assumption.

Q Do you know if the operation of the Alberta Government Telephone system within the City of Calgary is a very profitable undertaking?

A I understand it is. I believe it is one of the most profitable phases of their business.

Q Is it set up separately in their books so that the profits on the Calgary operation could be determined?

A It seems to me there has been approach made to them. I believe the argument put forward was that their profits were subsidized as part of the system.

Q Do you know if the City of Edmonton telephone system is a very profitable organization?

A Yes.

Q There is a commercial operation of the Province right in the City of Calgary on which you are getting no taxes at all, and it is a very profitable operation. Would that be a correct assumption?

A That is correct, sir.

Q Does the City of Calgary as a corporation, do you have a person called a purchasing agent, or have you any central purchasing agency through which all purchases made on behalf of the City have to be authorized?

A We have a central stores and a purchasing agent, that is, the main stores operation and purchasing department of the City. Then subsidiary to that, we have a purchasing agent for the Calgary General Hospital because that is a specific operation and a type of supply which is better handled that way, so that, in effect, we have two, but the main one for the general operations of the City is through our purchasing agent.

Q Would it be correct to assume, for example, that if the tax collection department wanted certain new rolls, tax rolls, in the way of supplies, that they have to go to the purchasing agent of the City and purchase them through him?

A Well, no. So far as stationery supplies are concerned, we operate a stationery purchasing department. That is specifically for office supplies and matters of that nature.

Q Is the one for office supplies a separate purchasing department?

A Yes, it is run as an adjunct of the finance department.

Q All the purchasing?

A That is a separate small purchasing department for the stationery supplies and that nature.

Q But it handles stationery and supplies of all city departments?

A That is correct.

Q The statement you made yesterday, Commissioner Batchelor, about the borrowing power of the City of Calgary, that

your borrowing power was very good, that you had Eastern interests that were actually soliciting the City of Calgary to make them loans and that you thought you could borrow money even at perhaps less than $2\frac{1}{2}\%$. Did you say that?

A No.

Q I assumed that, because it was cheaper than what the Province was giving you.

A No. I made reference to the fact, through a question of Commissioner Blackstock, that the City had borrowed as low as 2% in our financing on the open market, but I did say it was quite possible that the City could borrow on the open market and compete, or the open market could compete with the highest rate which is charged by the Province.

Q And what is the highest rate?

A $3\frac{1}{2}\%$. I say we could get within striking distance of that. Mind you, that is very problematical.

Q You wouldn't expect that condition to continue, to be able to borrow money on that basis for this budget that you gave us on the first page of Exhibit 73-C yesterday? If that condition is going to continue you are going to be running into deficits to get down to \$6,000,000.00.

A It is quite correct that if the situation continues on this basis it would have a definite bearing on our ability to borrow on the open market.

Q Would it be correct to say in the absence of further assistance coming from the Provincial Government that the City of

of Calgary is faced with greatly curtailing capital needs than are necessary, unless they receive further assistance?

A I think that is quite correct. Regardless of the question of marketing debentures, I would say this, that the capital program as envisioned by the Commissioners will be curtailed because of the mill rate impact on it. I mean, our elected representatives will curtail it because of that very reason. That is the situation as it may develop.

Q Now, there is some further information that I want, and I am going to have a list of it typewritten and hand it in to Mr. Bredin, and that will save the time of the Commission. I do not think any useful purpose will be served by discussing it. Now, I want to go back to this business about the 48 mill rate. Mention was made yesterday about the determination to hold it to 48 or something to that effect?

A Yes, sir.

Q There was one thing that just came up today that I was not very clear on. It came up in our intermission, that is, what basis the assessment has on that in giving you the 48 mill rate.

A What year? The 48 mill rate is based on an assessment of land values which were brought up to date in 1953. A complete reappraisal of land values was made. The last complete reassessment of buildings was in 1936, I believe, so we are in a mixed position. I mean, at the end of 1954 when we have our complete assessment of buildings

before us, then we will have a complete reassessment of the City done within the last two years, and the buildings are based on 1945 values.

Q Could you offhand give us the approximate amount by which the land assessment went up when you converted your land values in 1953 over what they had been in 1952?

A Just taking it from the budget, there has been some change in this figure --

Q Just approximately.

A The land value in the 1953 budget was \$30,773,000.00 and the figure taken in the 1954 budget was \$90,950,000.00.

Q I am very glad to have that information, because it is obvious as far as this Commission is concerned that when we sit in Edmonton and listen to what mill rate is there we can not relate that to Calgary in any way whatsoever?

A That is exactly what I was trying to point out yesterday, I think, in discussion with Commissioner Hayes, that for a proper comparison assessment should be on the same basis and done by trained personnel who approach it with a manual on the same basis, otherwise you have not got a comparison that you can stand up on.

Q DR. MAYO: You are not suggesting, are you, Commissioner Batchelor, that this increase from 30 to 90 million is entirely due to the reassessment of the identical area of land?

A Oh, no. Included in those figures, of course, are the

Dear Sir,
I have the honor to acknowledge the receipt of your letter of the 14th inst. in relation to the matter of the
and in reply to inform you that the same has been forwarded to the proper authorities for their consideration.
I am, Sir, very respectfully,
Your obedient servant,
J. H. [Name]

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lands which have been added to the rolls.

Q COMMISSIONER DAVIES: Came on the rolls in 1954?

A In 1953.

Q Well, it is \$90,950,000.00.

A Say at the beginning of 1954. There will be a change in that now. All those factors enter into it because it is a changing picture continually.

Q But the comparison you gave us was what went on the rolls for 1954 as over 1953?

A There is a substantial increase. You would have to make some compensation for new lands which were added but it is an indication of something, I think.

Q COMMISSIONER HAYES: In determining the year that you used for values in 1945, does the City itself choose that year?

A I think --

COMMISSIONER ROBISON: The Assessment Department.

A The Provincial Department? I don't know. I think possibly the feeling was that 1945 was a year which would not go to the peak costs and give us a reasonable figure to work on.

COMMISSIONER ROBISON: If I may answer Commissioner Hayes, the Act says that the value found shall be the fair actual value, and assessors in establishing fair actual values do not want to be caught between a high and low market, so they take it back to a year, and they took it back to 1945, which they think represents a sound

conservative position.

Q COMMISSIONER HAYES: What I am getting at, it is mandatory in rural assessments, 1942 values. Again, I would like to ask, is it mandatory for the City to use 1945 values?

A No, it was not mandatory.

Q COMMISSIONER ROBISON: They could use 1953 values if they wanted to?

A We might have been hitting at a peak.

Q COMMISSIONER HAYES: In other words, Calgary chose 1945?

A That is correct, yes.

Q Do I understand Edmonton might have chosen some other year?

A They could. I don't know when Edmonton did a reassessment last.

MR. McGRUTHER: Edmonton is based on 1945 property. They are making a reassessment of the land for this year's assessment.

Q COMMISSIONER HAYES: But it isn't mandatory to use 1945, it is optional for the City to use that year or any other. In other words, you could have 1945 in Calgary and 1944 or 1946 in Edmonton?

A That is right, Commissioner Hayes. That is why I suggest it would possibly be better for the Provincial Assessment Department to have some say in this matter so that we could get some uniformity, and then when you are making comparisons

you know you are comparing the same things.

Q In the rural there is no choice, it is 1942 values.

A And it is handled by the Department of Assessment, isn't it, mostly, the Department of Municipal Affairs?

Q That is right.

A That is why you have uniformity.

Q I thought the City Act was to bring about uniformity.

A That was the idea of the City Act, but I do not think it has ever been followed through to that extent. As was pointed out yesterday, we are getting a variation because the City of Edmonton is taxing on properties on a different percentage to the City of Calgary, so your differences are creeping back in again.

COMMISSIONER ROBISON: I think it should be pointed out, too, that no matter whether you did use the same base year and the same formula to arrive at the assessment, unless it is on a basis it will be all out of line within three years again.

THE CHAIRMAN: Have you any questions of this witness?

Q COMMISSIONER DAVIES: Who is it that is going to deal with this part of the brief, Canadian Pacific Railway Assessment Act, exemptions of the Crown.

A I think Mr. Bredin will deal with that.

Q COMMISSIONER BLACKSTOCK: I think it is more for information than anything else.

A I think that is right.

MR. BREDIN: That is true.

COMMISSIONER BLACKSTOCK: And I do not think we have any jurisdictional power to say that the Federal Government was completely wrong in 1881. They were motivated, and I hate the word, by a desire to see the Railway built.

MR. BREDIN: Just want to use the Commission as a sounding board, sir.

Q COMMISSIONER DAVIES: Do you want to make any comments to the Commission on that very interesting exhibit you prepared, as to what the position of the City is, if it is taking any position, the exhibit in which you converted the improvements to 100%?

A Well, I think that was after a discussion Commissioner Robison and I had and we thought we had better have a good look at this thing. It does indicate there something that we would have to be very careful about, that it transfers a certain percentage of the impact of taxation to people we do not want it transferred to. I was speaking to Commissioner Robison about that since then. I do not know whether he is satisfied that that indicates that it would be better for us to remain as we are. We seem to think so, although, of course, a very cursory examination such as that is not too definite. I mean, to do it properly you would have to cross-section the City and examine it very closely. It was on the basis of that I think that it

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might not be advisable. And then, again, the point arises to encourage the use of land. The 50% or the lower percentage does have that effect, and I believe you agree with me on that.

COMMISSIONER ROBISON: That was the original purpose of that. This is the exception in the western?

A Yes, but it does become part of the pattern.

COMMISSIONER DAVIES: I think this is all I wish to ask this witness, sir. Thank you very much.

Q THE CHAIRMAN: Mr. Batchelor, you have had two days of it.

A Well, it has been quite enlightening, I must admit, Mr. Chairman. There was only thing I would like to mention before I leave the stand, and that is the questions asked yesterday about the incidence of taxation, what the reason for it was, that we thought it was high enough, and I just thought that you might be interested in this, we had this re-assessment of the land. Now, what the impact is going to be when we put the buildings on I can not tell, but going back to appeals on assessments through a period back to 1947, 1947 there were 64 appeals, and I skip a couple of years, 1949, 105; 1951, 101, and 1953, 108. And then we placed a new assessment on and we jumped to a figure of something 2500 ot 2600 appeals we were faced with last year. Now, what the impact of that will be this year I do not know with the buildings on, but that shows

the great interest people have in the impact of the mill rate. As soon as you change the assessment, they certainly take a great interest in it.

Q COMMISSIONER DAVIES: Is that just a full memorandum you have?

A No, I just had a full memorandum there for last year, and I just pencilled a few figures on there.

Q COMMISSIONER BLACKSTOCK: That always follows after a re-assessment, and next year it is half that number, then the next year it is hardly worth holding a court of appeal for.

A Under our new plan with the set-up of our assessment department it will be on a continuing basis. We feel we will be keeping the re-assessment up all the time and it will obviate the necessity of this complete new appraisal, and by doing that with a publicity campaign you have a better informed public. I thought you might be interested in that.

Q THE CHAIRMAN: One step further. Have you a pencilled note to this effect, that that 2,000 odd --

COMMISSIONER ROBISON: The formal report gives it.

A 1528. These are the general appeals, 1528 the land was reduced, 4 buildings reduced, and 857 were confirmed, and 9 business tax appeals reduced and 8 confirmed.

Q COMMISSIONER BLACKSTOCK: One comment I want to make on our discussion yesterday afternoon regarding the rate that you are making on your power.

A Yes?

Q To be quite fair to you, I should say this, I was using the information shown in your balance sheet and a correct appraisal could not be made of your earnings until there was a valuation of the plant there on one basis or another. I think I should be that fair to you. I got up to 30%.

A Thank you, sir. I was looking at those figures, this morning, as a matter of fact, and that was one of the reasons I suggested we were going to have a valuation because it will give us a better picture.

Q COMMISSIONER ROBISON: Just before you go on, I want to clarify one point on this program with respect to last year's appeals, now that it has come up. Would it be your feeling or your judgment that had not substantial reductions been made in the land there is a possibility of wholesale appeals to the Alberta Assessment Commission and the danger that the complete assessment might have been declared null and void?

A That was quite correct, the City was faced with that situation. When you make a major change like this you must be fair and give the people the opportunity of being heard. We did it in two ways. We held what we called an open house. It is similar to what the legislation provides anyway, where the rolls are open for inspection by the ratepayers, which has not been followed in many years. We had an open house, anybody was allowed to come down and

discuss with the appraisers, with the result that that cleared away a lot of confusion in people's minds.

Q THE CHAIRMAN: It brought quite a number of people?

A Yes. I am sorry I have not got that figure, but it was a very substantial figure, it could have been around 5,000 anyway, and then that cleared away a lot of differences, objections, from the people's minds. And then, of course, the court of revision were able to deal with a lot of those and satisfy the people. So consequently, it stood the test. We do feel in this re-assessment it is a continuous process, and even after a re-assessment of this nature, complete appraisal, adjustments will continue over a period of years. It is a continuing process. You can not go along on the end of one period, so we have completed this and this is the final answer. It is a process which must go on all the time. We honestly feel when we get through this in a year or so we will have this thing in such shape that we will have everybody quite happy.

THE CHAIRMAN: Thank you very much.

Q COMMISSIONER DAVIES: There is another question I wish to raise. You will remember, sir, the views of the City with respect to gas and electricity. We have the views with respect to electricity, we have not yet with respect to gas. That is something which we should dispose of, if we can, today. I was going to suggest

Thank you very much.

THE CHAIRMAN:

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that the representative of the Gas Company should be here at 2 and the City's views could then be given on the proposals.

THE CHAIRMAN: Commissioner Strong, are you competent to deal with that or should we turn it over to Mr. Bredin?

MR. STRONG: Mr. Chairman, I think that perhaps Mr. Bredin could handle it. I think while we are all familiar with it to a degree, it would depend just how far the questions go.

COMMISSIONER DAVIES: I could give you an illustration. It was only yesterday, I believe, that copies of the franchise were handed to the Commissioners that were in effect in Bowness and Forest Lawn. Apparently the situation in both those areas is that they are both receiving gas at the Calgary rate at the present time, so there isn't any problem with respect to rates. But there is this problem, that there are franchises, local agreements, in existence at those two points between the Gas Company and those two areas, and then there is a permit in respect to Montgomery from the Department of Municipal Affairs, and of course, you have your City bylaw. What I would like to ask is, whether, assuming that the City boundaries were extended, could I assume that it would be agreeable to the City to just treat the bylaw that is in effect now as applying to the total area,

new boundaries, and similarly, would that be agreeable to the Gas Company. And would it also be agreeable to the Gas Company and the City that those two written franchises that are in existence be brought to an end.

MR. STRONG: I believe, Commissioner Davies, that we would be prepared to go along with that principle. I do think we would like to have a few minutes to discuss that, and I think we could bring you in a more specific answer right after lunch. There are certain things in connection with the existing bylaw, or license, or franchise, or whatever you want to call it, that we might like to consider before making a definite answer.

Q THE CHAIRMAN: And is it your opinion we should invite Mr. McPherson to come back?

A MR. STRONG: I wonder if that would accomplish anything at the present time.

COMMISSIONER ROBISON: You would have representatives of the areas represented, representatives of the City?

MR. STRONG: Mr. Bredin doesn't see any objection.

THE CHAIRMAN: No, but if I understood Commissioner Davies correctly, he was asking your opinion or the City's opinion, as to the abrogation of those franchises or agreements or whatever they are, should those areas come into the City. Now, I understand that would be quite readily in the interests of the City, but what

about the areas, what about the Gas Company? If the rates are the same, I can not see --

MR. STRONG: I can not see any difficulty myself, Mr. Chairman. The only thought that was going through my mind is that we are in the process of negotiating with the Gas Company in regard to certain particulars of operation which results in a division of certain costs, and I think we might like to think about that in connection with those areas, but as far as the general trend of being behind the Gas Company and standing upon their existing principles, I am sure we would go along with that in principle.

COMMISSIONER BLACKSTOCK: It seems to me in view of the difference of legal opinion as to the effect of your bylaw now, under the Gas, Electric, Telephone Companies Act, we should not do anything without hearing from the Gas Company. You know they assert that bylaw is in perpetuity, and I understand the City disagrees with that view, and I understand further they are trying to find some counsel who will assert that the bylaw is not in perpetuity.

MR. BREDIN: We have not been shopping for counsel with that view in mind.

MR. MAVEETY: You are quite mistaken, there is considerable difference in the rates of service in the City and Bowness and Forest Lawn. I think the Gas Company already in their brief stated there is something like 30%

difference.

COMMISSIONER DAVIES: I am sorry, I have taken the responsibility for that. I was confusing some other rate. We have an exhibit that actually in the franchise between the Town of Forest Lawn and the Gas Company -- there is no rate stated, it says,

"Such rate as agreed, subject to the Board of Public Utility Commissioners."

THE CHAIRMAN: I was wondering what is the situation in Bowness.

MR. MACKINTOSH: The same as in the City of Calgary, sir.

COMMISSIONER DAVIES: That is probably where the confusion arose. I remember very well the rate was the same as the City of Calgary somewhere. Would your knowledge go so far as to the distribution in the Hamlet of Montgomery?

MR. MACKINTOSH: I couldn't say, but since it is between Bowness and Calgary I should think city rates would prevail.

COMMISSIONER DAVIES: 81-C, the Calgary and the Montgomery and the Bowness rates are the same, but Forest Lawn and Albert Park show under rate 1-A.

THE CHAIRMAN: Did you wish to raise this question this afternoon of the franchises with the Gas Company's representative present?

COMMISSIONER DAVIES: Well, I had in mind before we left Calgary it would be desirable to have the same sort of discussion we just concluded with the representatives of the Calgary Power and the City, and at the time when I brought this up earlier in the Sittings you remember the Mayor stated he would try and have the City in the position they could give their view, so I would assume the Gas Company should be here this afternoon.

MR. STRONG: The only comment I would like to make, I am sorry that matter has been overlooked. I would think rather than take the time of this Commission, perhaps this afternoon, it appears as though it was our obligation to have got together with the Gas Company and come to some sort of mutual agreement in order to present it to the Commission, and we have not done that. As I stated, there are certain matters under consideration at the present time and we just have not been able to get together with them, and I doubt very much if we could accomplish anything within the next two or three days in that regard.

COMMISSIONER DAVIES: Could we perhaps have Mr. McPherson here at 2 o'clock and leave the matter now and decide then what will be done?

MR. MAVEETY: I think we will get assurance immediately out of the Gas Company, it has already been intimated by them in case of amalgamation the rates

would be brought in line with the City's, at least, in Forest Lawn.

THE CHAIRMAN: The question arises in my mind, in view of these negotiations either going on or pending, whether we can get any useful commitment from the City, or leave it, as Commissioner Strong suggests, to be included in the negotiations which are going on. If the Commission wishes to have them here, it will be all right with me.

MR. STRONG: I think we would be prepared to say that we would extend to the new areas, if they are annexed, the same privileges that exist under the terms of the bylaw, depending on the outcome, the same negotiations that prevail will apply over the entire area, if that is clear. I mean, I think that is as far as we could go at the present time without getting down to brass tacks with the Gas Company.

THE CHAIRMAN: Would that be sufficient or
do you want to go into it?

COMMISSIONER DAVIES: Well, I dislike thinking I might be going back to Edmonton and not know anything about this, not having anything from the Gas Company. I think we should leave it with some understanding. When are they going to try to get together? Will they communicate with us or what? I do not think we should leave it just up in the air.

THE CHAIRMAN: I suggest that you consult, Mr. Bredin, with such of your people as you can, if you can, during the noon hour. If you are in a position to make some statement before the close of the Sitting this afternoon as to those points raised by Commissioner Davies, as to how soon negotiations perhaps may go forward, and if we may receive a memorandum of the agreements arrived at, we shall be sitting in Edmonton, as you know, for two weeks or more and that will give you time enough, I should think, to have some statement before the Commission has completed all its public hearings and proceed with its analysis of the evidence.

MR. BREDIN: The difficulty with the Gas Company, there are a number of legal problems which can not be solved but perhaps will be all solved by agreement, we hope they will be. They certainly will not be solved before this Commission rises here. We perhaps could give you some statement with regard to the position if the area should be enlarged as to the rights of the company in that area. Would that be sufficient?

COMMISSIONER DAVIES: I do not really expect in the light of what you said that the matter could all be determined today or tomorrow, but I think we should have both parties to the matter before us before we go back north in case we do not find it necessary to come back here again. So we leave the matter with some understanding

when we might hear from you and what the considerations are.

COMMISSIONER BLACKSTOCK: Have Mr. McPherson here and pose the problem to him, and ask him if he will continue negotiations with the City, and when those have been completed, either successfully or unsuccessfully, that we be advised.

THE CHAIRMAN: Mr. McGruther, I ask you during the noon hour to get in touch with Mr. McPherson's office. If he is not able to come himself, maybe he can send somebody. We are now adjourned until 2 o'clock.

(The Hearing then adjourned and resumed at 2 P.M.)

2.00 P.M. SESSION

THE CHAIRMAN: Mr. McPherson, we are grateful to you for your attendance here this afternoon. It is suggested that you not go through the formality of taking the witness stand, but if you will come up to one of these earlier seats, and then Mr. Davies, who presented a proposal or an interpretation of the situation to the Commissioners this morning, would like to make some statement in your hearing and see what you have to say.

COMMISSIONER DAVIES: Mr. McPherson, the position is that your gas rates in the City of Calgary and in the Town of Bowness are the same, but there is a different

rate in effect in Forest Lawn.

MR. McPHERSON: That is correct.

COMMISSIONER DAVIES: And Mayor Maveety made a statement this morning to the effect that he had some assurance from your company that if amalgamation took place that your Calgary rate would automatically be extended to Forest Lawn. Is there any authority for making that statement?

MR. McPHERSON: I would not say that we have given any assurance, sir, but that is the assumption we have worked on, yes.

COMMISSIONER DAVIES: Well, then, one step further. You have this bylaw from the City of Calgary on which you operate within the City limits, and which specifically states is not an exclusive franchise.

MR. McPHERSON: That is right.

COMMISSIONER DAVIES: And you have from the Department of Municipal Affairs a permit, which you were good enough to file a copy of with us, and that is something like the bylaw of the City of Calgary, gives you permission to go in and construct your mains and so on in what is known as the Montgomery area.

MR. McPHERSON: That is right.

COMMISSIONER DAVIES: And there is nothing said in that about rates?

MR. McPHERSON: No.

COMMISSIONER DAVIES: I would assume that your intention would also be that if Montgomery came into a larger Calgary city that the city rates would also apply in Montgomery?

MR. McPHERSON: Correct.

COMMISSIONER DAVIES: One step further again. If the areas amalgamated, the present written franchise agreement that you have in effect with the Town of Bowness and with the Town of Forest Lawn would have to be dissolved by agreement or by statute?

MR. McPHERSON: I would think so.

COMMISSIONER DAVIES: And what my question was to the City, then, this morning, now I put it to you, is this, would your company be willing that in the event this Commission recommends amalgamation of these areas to leave the gas position in this state, namely, recommending that your contracts with the Town of Bowness and the Town of Forest Lawn should be dissolved and that the permit in respect to the Montgomery area that came in the city, if it did, would be vacated and that you would be deemed to be operating in the total area under the terms of your by-law with the City of Calgary, for whatever that is worth. I am not asking you to answer that today. I feel that is something you could make a comment on. What the Commission, I think, hoped that perhaps some understanding could be arrived at that within a certain time, which we

would hope would not be in the too distant future, that your officials would get together with the City of Calgary and arrive at some understanding perhaps along these lines.

MR. McPHERSON: We would certainly be willing to meet the City if they are also in agreement to do so.

COMMISSIONER BLACKSTOCK: There is an alternative, of course, Mr. Davies, that is, that the Gas Company might wish to say, "We have a vested interest in these two areas which we would like to preserve." Again, we would not expect you to answer that today, Mr. McPherson. What we thought was that there should be, if possible, negotiations between the City and yourselves leading to some type of settlement of these questions that you could convey to the Commission in due course and, as Mr. Davies says, in the not too far distant future.

COMMISSIONER ROBISON: I am wondering what the position would be if in the event that amalgamation were ordered nothing whatsoever was said by the Commission with respect to the gas situation in the City of Calgary, Bowness, Montgomery, Forest Lawn, nothing was said, where would you be? Would the Gas Company and the City and the various communities involved be of necessity looking after their own interests?

COMMISSIONER BLACKSTOCK: I doubt if the bylaw is wide enough to apply to an area beyond the area of the City of Calgary at the time the bylaw was passed.

MR. BREDIN: Mr. Chairman, I have not the Public Utilities Act in front of me. I believe there is a section dealing with annexation by the Board of Public Utility Commissioners, is there not?

COMMISSIONER BLACKSTOCK: I have forgotten it, if there is such a thing as far as the City is concerned, the Board and any order which it sees fit to make, but I have no recollection of any specific mention being made of franchise agreements. I may be wrong.

MR. BREDIN: I thought there was. If you like, I will go into the library for a minute.

COMMISSIONER DAVIES: We could leave it this way, that if the City and the Gas Company can not consent to some mutual satisfactory indication as to what they can agree to, that we would have to recommend, in the event of amalgamation, that legislation should be passed to carry out what our recommendation is. It would then just be the case of the Legislature imposing its will on both the City and the Gas Company in the event that the recommendation was accepted, or as amended. Could we say that within 30 days that we might expect to hear from you?

COMMISSIONER BLACKSTOCK: There are pretty delicate legal problems involved.

MR. BREDIN: Mr. Strong says that if you could make that 60 days.

COMMISSIONER ROBISON: I would go back to what I

have said before, supposing nothing was said?

COMMISSIONER BLACKSTOCK: That is why I interjected. If I am right and the bylaw under the Water, Gas, Electric, Telephone Companies Act is not wide enough to cover areas which may be annexed, then we simply have a status quo, two franchises, one Forest Law, and one in Bowness, and a bylaw in the City.

COMMISSIONER DAVIES: Which, of course, sir, constitutes a mess, because presumably the City would have to take over certain assets and liabilities of each of those towns and would have to perform their contracts in the normal course of events.

COMMISSIONER BLACKSTOCK: There would be nothing to take over, the assets belong to the Gas Company.

COMMISSIONER DAVIES: I am thinking of a general settlement on assets generally, the assets of these towns, and with them, the liabilities, and therefore, the responsibility under these two contracts.

COMMISSIONER BLACKSTOCK: My recollection, Mr. Bredin, is that you are wrong.

MR. STRONG: He has gone to look up the Act.

MR. MAVEETY: Doesn't the Gas Company in their brief number 64-C give an over-all picture of projected added costs of \$45,000.00? That must have been on study, sir.

COMMISSIONER BLACKSTOCK: That has to do with rates.

MR. MAVEETY: \$45,000.00 additional costs in the case of extension of areas whether it means metropolitan or amalgamation.

COMMISSIONER BLACKSTOCK: Isn't that your required \$45,000.00 additional revenue?

MR. McPHERSON: Some of that, sir, was taxation.

THE CHAIRMAN: Mr. Strong, how firm a commitment can we make on 60 days, on the 1st of April?

MR. STRONG: Mr. Chairman, I do not know, but I was wondering if we gave you our assurance following the lines of what Mr. Davies has said and what Mr. McPherson has said, that we would agree to get together and try to negotiate some kind of a mutual arrangement and notify this Commission at the earliest possible date. The reason I suggested 60 days rather than 30 days was knowing that we have coming up ahead of us in the next 30 days, and I feel perhaps the time limit was not adequate, unless the Commission really requests we do it within that period of time. It does involve certain legal involvements and I think perhaps 30 days would not be sufficient time.

THE CHAIRMAN: I am asking you about 60, the 1st of April.

MR. STRONG: Do you think 60 days would be enough?

THE CHAIRMAN: When the Commission completes its public meetings in Edmonton it proposes to sit down to an analysis of the evidence. Just when we may come to the matter concerning the distribution of gas here or in Edmonton, or both, nobody knows just in what order it may occur, but I would think that you would not be committing yourselves to anything extravagant.

MR. STRONG: We are agreeable to 60 days if the Commission would accept that.

COMMISSIONER DAVIES: Have there been any negotiations between the City and the Gas Company looking towards the converting of that bylaw into a franchise agreement which is renewable in accordance with the terms of the usual franchise agreement, or is it all on the basis of the bylaw alone and what it means?

MR. BREDIN: It has never been that way although I think we have considered from time to time whether it might not be fair to put it on that basis. Nothing has ever been done in our department. We have given consideration to it, it has never been discussed with the Gas Company.

COMMISSIONER DAVIES: That is only an enquiry.

MR. BREDIN: It has never gone into the agreement stage.

COMMISSIONER BLACKSTOCK: I can remember now, Mr. Bredin, when the City of Red Deer annexed the village of

When the Commission completed its work, it proposed to it down to the Commission. Just when we say one to the Commission, the distribution of the Commission is in the Commission.

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North Red Deer, North West Utilities became quite concerned about their franchise and they took the precaution of having it amended to this effect, "The City of Red Deer and any territory which may be added thereto," so that there is a franchise which is absolute, no matter how far it went. I can not imagine that there is anything in your Public Utilities Act which has to do with that.

MR. BREDIN: The section I was referring to was an amendment to Section 141 (a) which was an amendment passed in 1951, came into force on July 1st. It says:

"No order made under this part can -- "

and this follows Section 140, which is the annexing section,

"shall affect or abrogate any existing contract or any existing right, of or held by, any company for the production, transmission, delivery or furnishing of water, gas, heat, light or power to or for inhabitants or businesses in the annexed or excluded territories, as the case may be."

That is the section I had in mind.

COMMISSIONER BLACKSTOCK: I remember now that that amendment was a direct result of the Red Deer problem, Mr. Bredin.

THE CHAIRMAN: I was merely going to try to close this out here. Then our understanding is that the City and the officials of the Gas Company will get together at a time convenient to them and reach such agreement

as is possible and report to the Commission on or before April 1st. That is acceptable to you, too, Mr. McPherson?

MR. MCPHERSON: Yes.

THE CHAIRMAN: Thank you very much, then, and I think we will leave the matter in that stage. Now, I think our next procedure is to ask Commissioner Strong to come to the stand and be subjected to such questions as may be asked.

MR. BREDIN: Mr. Strong has agreed that he won't read all of this material.

J. IVOR STRONG, (recalled), already sworn, examined by the Chairman, testified as follows:

Q Mr. Strong, I am not sure but there were one or two matters which were left over for us to get information on because of the position which you occupy in the civic government and the fact that these fall directly in your department. Now, maybe some members of the Commission will remember what they are, maybe you will remember.

MR. BREDIN: I made some notes on this, Mr. Chairman. One of them Commissioner Davies asked was about the make-up of our capital program for the next 5 years, and what were the typical projects that were planned to be undertaken.

THE CHAIRMAN: Yes, I remember that, just a breakdown of your proposal.

MR. BREDIN:

I have a number of others

I will relate.

THE CHAIRMAN:

Two of the years have already

passed, so that just refer to what has been done and be a little more specific as to what is proposed.

A THE WITNESS:

Mr. Chairman, during the

past two years since the initial 5-year program was presented, our capital program has amounted in the neighbourhood of \$14,000,000.00.

Q COMMISSIONER DAVIES:

Does that include schools?

A That does not include schools. This just deals with the City general and the utilities and has also included the capital program of the General Hospital.

Q Oh, yes.

A But it has been comprised, apart from special projects such as the new Nurses' Home, the Airport Terminal Building, it is comprised mainly of storm sewers. We have had an annual storm sewer program in the vicinity of three to three and a half million dollars. Our sanitary trunk sewer program has also been expanding because of the extensions of the City, and we have had, of course, a very substantial local improvement program amounting to between three and four million dollars annually in the last two years.

In regard to the water works department, we have been advised that capital expenditure

I have a number of others

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COMMISSIONER, Bureau of Health and Sanitation

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of in the neighbourhood of two and a half million dollars in the past two years, and this last past season we capitalized half a million dollars for the electric light department and we are anticipating more.

Then we have numerous special projects. We have the 14th Street bridge and the Cushing bridge projects.

Q Would you mind giving us an odd few figures as to some of these so we may have an idea of their enormity?

A Yes. The 14th Street project was a \$2,000,000.00 bylaw which included half a million dollars for the development of a new civic works headquarters in Manchester because of the fact it was located at the south end of the 14th Street bridge project and it had to be moved. The bridge bylaw was a million and a half and the Cushing bridge was a \$400,000.00 project. The Airport Terminal Building, which was in the 1954 program, was \$850,000.00. The Nurses' home, General Hospital, was \$1,800,000.00, and there were several other additions to the Hospital like the Perley wing and extensions to the boiler plant wing, the Perley wing extension \$200,000.00, and the boiler plant \$400,000.00, and also a new laundry to the General Hospital \$400,000.00. Those are the principal works that we have had.

We have a few special projects such as sliding hills, river banks protection,

things of that nature, which have been essential works.

Q MR. BREDIN: You have the Elboya bridge this year?

A The Elboya bridge was also in the 1954 program. We had one other bridge in the 1954, that was the Belfast bridge by the Union Packing Company. The Elboya bridge was estimated to cost \$175,000.00 to \$200,000.00. The Belfast bridge would be about \$70,000.00 to \$80,000.00.

Q COMMISSIONER ROBISON: What about the overpass and underpass on 9th, does that come under this category?

A Yes, it does. \$150,000.00 allotment for the grade separation on the 8th Street subway.

Q MR. BREDIN: As you mentioned, Mr. Strong, we presented in our brief a statement to the effect that we were advised quite frequently with orders by the Provincial Government to make certain capital expenditures, and our complaint is we frequently are not told where to find the money or not given the money. I think one of those was an addition to the sewage disposal plant which the Department of Health required as a health measure for the people downstream in the Bow River. How much would that be?

A Last year it was necessary in the 1954 program to borrow half a million dollars for the initial stage of the sewage disposal plant extension. This year we continued on with the same design and the expenditure for this year is

anticipated as \$100,000.00, but that is just to prepare the design for a second stage which will require three-quarters of a million in 1956. That would mean a total outlay in the neighbourhood of \$1,250,000.00. Now, that just deals with the one part of the disposal plant.

We are faced with additional expenditures with regard to our sewers as we have a number of sewer outfalls presently going into the river without treatment and we have to eliminate those.

Q COMMISSIONER DAVIES: Would you mind telling us how many, because this point was raised in Edmonton.

A Mr. Commissioner, I am afraid I have not enough fingers. There are only one or two that are of serious implication. We have one section of the City, Ogden, which must be served with a separate treatment plant and that has been requested by the Province, and we intend to follow it up after we get the major plants taken care of. It will probably be two or three years.

Q Is this a plant that would be in the southeast end of the City that would service all that new area as development proceeded, if your boundaries to the south were extended?

A It would serve all of that area contained in the north, about the north half of Division I. If you will remember the plan through one of the requests for annexation being extended below Division I, so that the drainage area on the south half of Division I would all go to Fish Creek?

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Q THE CHAIRMAN: But it has nothing to do with this?

A No.

Q COMMISSIONER DAVIES: Would you indicate, Mr. Strong, about where this part of the plant is located?

A Our present part of the plant?

Q Yes.

A It is located in Bonnybrook about 42nd Avenue and 16th Street Southeast, right adjacent to the Government elevator.

Q And, of course, this implies a continuation of your local improvement program presumably at about the same pace as in the two years that have elapsed, would that be correct?

A Yes, Mr. Chairman, on the same basis of expansion that has been going on. We do not see too much relief there except that we have changed our land sale policy slightly. It really now is divided into two portions. Those properties that are being sold by the City we are asking for the payment of certain improvements in advance, which gives us some cash to work on.

Now, we have had within the past two years, as you know, we have had private developments where private developers have installed all the utilities and services.

Q Mr. Strong, how many? Three? Four?

A We have had actually two major ones, the Glendale one on the west side of the City, and then the Thorncliffe or

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Spy Hill development on the north.

Q I suppose there is nothing to prevent that policy being continued, even if these large areas came into the City?

A No. We are continuing this year, 1955, with final negotiations, which have not been completed, but we hope will be, with developers to do just exactly that same thing.

Q COMMISSIONER ROBISON: They are going that in Corlet, aren't they?

A Yes, that is proposed. Corlet is not yet definitely tied down.

Q That was the understanding?

A That was the understanding. It involves, I think it is, about 125 sites and this large one we are negotiating with now on the north part of the City involves about 670 sites. That is what is called Highwood.

Q COMMISSIONER DAVIES: Have you got different grades on residential paving that you could put down? In Edmonton they have what they call the Hardy pavement, that is, a lighter pavement. They do not put it on main arteries but it seems to do with residential areas with ordinary residential traffic. Now, I think the City is spreading that over 5 years only with the property owner. Would you care to indicate to us if you have many residential paving programs of short payment or are they heavier pavement of long term?

A No. With our soil condition here, Commissioner Davies, we have been playing around for a number of years trying to evolve a deep type of paving. With the silt condition we have here it is a waste of money. It is a different soil condition than Edmonton, which is gumbo.

Q COMMISSIONER ROBISON: How many times did the City work on the one north of 16th Avenue and Centre Street?

A Well, we had to replace that. We only worked on it twice. The first time it was to a certain specification but in view of the soil conditions we ran into and the daily loads it just broke up in the spring. You see, we have a frost action here that is peculiar to this area, say between Red Deer and Macleod, a frost action in the silt soil where you get capillary action that boils it up from below. In Edmonton you do not get that sort of action, if you keep the moisture out of it it is impervious. We can lay what you call a good pavement and if you have water or something of that nature below you get frost action on top and it pulls this water up, goes into a frost boil mound, frost comes out in the spring and you have nothing left but a mass of water and soil.

Q COMMISSIONER DAVIES: Does that mean you have to put a concrete base on a lot of your asphalt paving?

A No. We have compromised. We had Dean Hardy working on this back in 1947 and '48. We finally came up with what we consider as a solution and we have two types of paving,

we have a residential pavement and a major artery pavement. The residential pavement has a lighter base than the major thoroughfares, but we found that it has been satisfactory. We have it assessed against the property on a 15-year by-law, but because of the trolley loads and the repetition of heavy loadings on major thoroughfares we used the deeper base there.

Q THE CHAIRMAN: Mr. Strong, would I be correct in saying that these developments such as Glendale and Thorncliffe Heights from the standpoint of financing the development and the drain on the City reserves, that those plans, when they are approved by the City engineers and tied into the City system, that this is something much to be encouraged and desired?

A That is true. I mean, we are very much in favour of the idea, because in the first place Calgary was very much behind in its local improvement work and consequently we have had bylaws passed and approved some three or four years beyond what we were able to cope with, and finance, and with private developers entering into this, taking us off the hook, some of those we were able to catch up with, and now I believe we have to approach that position.

Q Have to what, sir?

A Have to approach that position where we are caught up currently with our local improvement work.

Q COMMISSIONER DAVIES: Could you give us in 1954

how many miles of boulevard, how many miles of sidewalk, and paving you did, and indicate if that rate is likely to continue?

A I have all that information, Commissioner Davies. It is not with me. I would just have to be guessing. My recollection is that we did something like 80 miles of curb and gutter, almost the same mileage of sidewalk, and I think 18 miles of paving. The amount of boulevard work was only about 4 to 6 miles. Now, I am just trying to pick out of my memory, and I think I am guessing a bit here, but I could supply you with that information, but I do feel that we are faced, if we have the same rate of growth, we are faced with a continuous program of that nature. There are two things that enter into the capital program that affect not only the general situation but the utilities. The City of Calgary up until some three or four years ago never had a separate storm sewer system, and bylaws that were put to the ratepayers some seven or eight years ago were defeated. They were put on several occasions and the third time they were passed. Now, as a result of that, we are some three or four years behind, actually, and we are being pushed into a position where we are tying up paving development and things of that nature because our storm sewers have not progressed far enough, laterals. It is just one of those things that we have to be content to go along with, but it seems that

how many miles a horse can travel, how many miles a cow can travel, and having you say, and understand that that is likely

to continue?

I have all that information, I would just like to know if you would like me to continue?

recognition is that we did something like

care and support, almost the same manner

and I have a lot of information, I would just like to know if you would like me to continue?

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a lot of people have wondered at the necessity of storm sewers because the City got by without them for many years. But in Calgary's earlier stages with the smaller population their sanitary sewers were designed to carry a certain amount of storm water. I will admit there were a few individual storm drains here and there in certain strategic locations, but what we are faced with now is a complete separation of the storm and sanitary water, because our sanitary sewers are overloaded by sanitary sewage alone with all the extensions that have been going on with the development of the City. In projecting our capital requirements on storm sewers alone it is something I feel we are going to need, perhaps in the neighbourhood of between two and a half to three and a half million dollars annually for several years yet. While we have got most of the major trunks completed, there are still one or two principal ones remaining, but there are a tremendous number of laterals that must be extended. Developers come in and are agreeable to putting in all the services but it is the City's obligation to supply the storm sewer system and the water mains under the system under which we operate, so we are forced, even with previous development, to put quite a bit of our own money into the development.

Q COMMISSIONER DAVIES: Is the storm sewer laid right in the same trench as the sanitary sewer if you are doing

a new community?

A No, it is not laid in the same trench.

Q COMMISSIONER BLACKSTOCK: If you did not have storm sewers, what damage can result?

A Well, the damage is that we have, as you know, in Calgary quite a number of flash floods during the summer months which leave our citizens with a good many basements full of water.

Q COMMISSIONER DAVIES: And that also would be sewage water?

A Yes.

Q Sewage backing up into their homes?

A Yes.

Q COMMISSIONER ROBISON: Has the City been in lawsuits over this?

A Yes, we have. We try to protect ourselves by stating in our plumbing bylaw that all fixtures below grade must be equipped with an approved back-water valve, but we know they are not completely foolproof.

Q People have been known to leave traps open, too. I know a Commissioner in the Royal Commission who did that one thing.

A Yes, I have been iguilty of doing that myself.

THE CHAIRMAN: Thanks very much. Mr.

Bredin, had you any other comments?

MR. BREDIN: Yes. Also a question asked

a

about graded service areas. Mr. Strong was to deal further with graded service areas.

Q COMMISSIONER DAVIES: Just before we pass to that, now. Where does the new school program enter into your requirements here? Is that taken into consideration in the estimated annual of \$15,000,000.00?

A No, that is taken into consideration in the School Board demand.

Q That is additional financing you have over and above this \$15,000,000.00?

A That is correct.

Q Have you got any estimates on that?

A I believe we have figures on the capital requirements. Yes, we have them.

MR. BREDIN: Mr. Chairman, the School financing is done by the schools and the bonds are not issued by the City. It appears in the City's demand each year, it appears as a separate capital item, that is, it is not part of the financing of the City, the School Board's requirement in regard to capital.

Q COMMISSIONER DAVIES: The only thing is it affects your borrowing power in the absence of your getting the money from the Province, doesn't it?

A Yes, that is right.

MR. BREDIN: I am not sure that I understand you there.

A Schools and utilities.

MR. BATCHELOR: It is somewhat different. He meant to say that in a financial house reviewing the situation in the purchase of debentures, it applies both ways, as a matter of fact, when the School Board has proposed to sell an issue on the open market, invariably the financial house will come to us and want to know the financial position of the City. Conversely, when the City is selling debentures, they want to know the financial situation of the School Board.

Q COMMISSIONER DAVIES: So that the total demand of the City including the School Board has to be looked at. Apart from this \$15,000,000.00 there may be a demand of \$4,000,000.00 from the School Board for capital purposes and if you can not get that money from the Province between your schools and the City you have got to go out and borrow \$19,000,000.00. That is what it adds up to.

MR. BATCHELOR: I think the position the financial houses take, and it is a correct one, is that the debt of the two bodies is supported by the same tax base usually, and that is the whole point.

COMMISSIONER DAVIES: Thank you.

MR. BREDIN: Graded service areas was the next question to amplify what we had in our supplementary brief about the differential mill rate as a solution to graded service areas. Would you elaborate on that?

A Mr. Chairman, that matter was pretty well threshed out yesterday, I think. I just want to add this, though, I think Commissioner Davies was the one that stressed the question of varying the assessment rather than the mill rate. Commissioner Batchelor and I had discussed it with various officials. I think our approach was more from a standpoint of uniformity. We felt perhaps it would be better to have the basis of assessment the same throughout the City and then vary the mill rate, which might more or less apply only to those areas where there is a suburban type of life, in which we have the present inner and outer areas, where we have the present outer areas where the mill rate is a differential at the present time, rather than the basis of assessment in those outer areas being in accordance with the assessment used in the adjoining municipalities that the basis of assessment would be the same as used throughout the City. Now, the points Commissioner Davies mentioned yesterday are very good questions, and the only thought that I could offer would be that this opens up a very large subject, and I wondered if some help could not be obtained by a mutual meeting of assessors in the Province along with representatives from the Provincial Government and Assessment Commission, men who have a background in this particular operation, and perhaps they could come up with some recommendations. I really can not shed any more light on the picture than

what was discussed yesterday.

COMMISSIONER DAVIES: Thank you.

MR. BREDIN: Mr. Chairman, there was a section of the City Act that might be useful in this connection, I had forgotten it was there, Section 527:

"The council by bylaw may,

- (a) describe, define and delineate any parcel or area within the City that is not used for commercial, industrial or manufacturing purposes as an outer or farmland area;
- (b) define the mode and basis for assessment for any such parcel or area;
- (c) describe a lesser mill rate for any such parcel or area. "

Power was, apparently, given to the City and I had forgotten about it.

THE CHAIRMAN: Yesterday there was some talk about it being necessary to have an amendment to the City Act. That would indicate it would not be necessary.

DR. MAYO: That only applies to an area designated as farmland. Yesterday our discussion considered the built-up areas as well.

THE CHAIRMAN: That is right.

MR. BREDIN: Council may define the area by bylaw and call it a farm area. I do not think it necessary it be farmland strictly, although that appears to

be the intention.

COMMISSIONER DAVIES: That is 527?

MR. BREDIN: 527. There are three sub-sections.

COMMISSIONER ROBISON: You could not tell us whether the City has ever used that?

MR. BREDIN: We have not used it because the only differential has been in the Public Utility mill rate. The 40 mill rate has been set. We haven't used this section.

COMMISSIONER ROBISON: Having regard to the fact this problem arises largely in Division I, and having regard to that section, there are many people out there who live in a suburban way, they have large expensive homes, some of them live on 4 acres, probably 10, some of them 20. Suppose for the sake of argument they are living on less than 8 acres, and the City declared that agricultural area.

MR. BREDIN: I believe they could under this section.

COMMISSIONER ROBISON: You have already got the power.

MR. BREDIN: I think our original intention, Commissioner Strong will correct me, was to include in that area an industry. An industry providing its own services would be entitled to the preferential mill rate. This section would not permit that.

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COMMISSIONER ROBISON: Would you come up against another section of the City Act in that regard about bonus-ing industries?

THE WITNESS: We felt as far as industries were concerned any legislation should come from the Province of Alberta.

Q COMMISSIONER ROBISON: You could always take care of it without any legislation, couldn't you?

A Or by camouflaging for assessment purposes, maybe.

Q That is what assessment methods are.

MR. BREDIN: It was mentioned yesterday that an industry that is inside the inner area of the City would immediately complain that their competitor located in the outer area was getting the preferential. It would be a difficult thing, there is no doubt about that.

COMMISSIONER ROBISON: We already do that now?

THE WITNESS: Mr. Chairman, the thing we are afraid of, and we do not know, of course, what the impact will be or whether there is any proof in the statement that appears with regard to the Metropolitan area of Toronto, but there has been some information printed that since the amalgamation or the compromise took effect there was a tendency of industry to move beyond and outside. That was the thing we had in mind in connection with this. We want to be able to be in a position where we can compete and hold them within the area.

MR. HARRIES: I am afraid I am awfully confused at this point. If I am the only one confused, I will sit down. I understood yesterday that the City of Calgary witness stated that the graded service area was not going to concern itself with industrial or commercial activity. Now, I probably misunderstood him, because the way I interpreted what Mr. Strong is now saying is that industry would get consideration in a graded service area. If I am the only one confused, then excuse me for interrupting.

THE CHAIRMAN: Dr. Harries, was that statement made by Commissioner Batchelor or was it kind of a joint statement by all three of those people?

MR. HARRIES: I understood it was a statement made in answer to a question by Commissioner Davies yesterday afternoon.

THE CHAIRMAN: I guess you must have done it, Mr. Batchelor.

MR. BATCHLOR: Beg pardon?

THE CHAIRMAN: I think you must have done it, as far as I can see.

MR. BATCHELOR: I am sorry.

THE CHAIRMAN: Could we just have a clear statement as to the intention from Mr. Strong to clear up what I think is a legitimate question in Dr. Harries' mind.

A Mr. Chairman, I think that the original suggestion of

1. The first part of the report is a summary of the work done during the year.

2. The second part is a detailed account of the work done during the year.

3. The third part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

4. The fourth part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

5. The fifth part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

6. The sixth part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

7. The seventh part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

8. The eighth part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

9. The ninth part is a summary of the work done during the year, and a list of the names of the persons who have been employed during the year.

graded areas was to principally take care of agricultural or suburban types of existence that would not require certain services, they were content to stay and remain without these services. In fact, if you will recall that Division I, who probably occupy the largest part of this area, stipulated that they would be happy to take the City as the lesser of two evils provided we would go along on certain requests, similar taxes and one or two others. We were not able to promise them that, of course, but we were able to say, "We are willing to suggest something that might bring about that sort of thing." Our principal suggestion on the graded service areas is to take care of outer areas like Bowness or Forest Lawn. Now, it could well turn out to be that there might be industries who would fall within those certain agricultural areas who would supply their own services.

Q THE CHAIRMAN: Are they already established or to be?

A Either already established or to be, and yet there could be cases that might be exceptional, over and above and beyond, but I think there could be coincidences exist of industry in one of those graded service areas where they would be supplying themselves with the services that present suburban people are supplying themselves with.

THE CHAIRMAN: Now, Dr. Harries, I do not think --

MR. HARRIES: I think it does. I read in the first page of the submission entitled, "Graded Service Zones. The underlying principle of the taxation procedure in zone B would be to levy taxes only for the services actually provided for the time being." Now, as I understand the City now, they are saying that this would, could and will likely apply to certain industries in that area, in the zone B. I think, with the greatest respect, that that raises a tremendous number of problems as between industry and what might be designated in zones A and B. I suggest it raises the kind of problem the City of Edmonton alleges exists today in the Greater Edmonton area. This may be an incorrect interpretation, but it appeals to me as being not unreasonable. That is why I think it is so important to have that clarified.

THE WITNESS: Well, that, of course, is a very good point. That brings to the fore some of the arguments against this particular operation. That is why I feel I should like to have this discussed at the Provincial level by the various assessors, and with some help from the Provincial Assessment Commission.

Q COMMISSIONER DAVIES: Here is another point, Mr. Chairman. When I originally heard of the phrase "Graded Service Areas" I had a picture in my mind of a certain definite area being designated as a graded service area or a zone, and that the application of the lower mill rate

MR. HARRIS: I think so, yes. I think so.

the first page of the report entitled "The underlying principle of the taxation procedure."

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so important to have that clarified.

THE WITNESS: Well, that, of course;

very good point. That brings to the fore some of the

arguments against this particular operation. That is

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would ipso facto apply to all the land within that particular specified area. Now, on the strength of what Mr. Bredin says as to that section in the City Charter, and the possible limiting effect of that, it would seem to me now, and in the light of what you said few minutes ago, soft pedalling, I mean that not in an uncomplimentary sense, the industrial position of it, but emphasizing the agricultural and suburban type of living. It looks as if the graded service area will be the total area of the city where that type of life or property happens to prevail.

A You mean at the present time?

Q Yes, whether it be in Division I away up in the north end or --

A As I envision it personally, where the outer area now applies to the 8 acres, and is in effect, and the operation is principally agricultural, that that would still remain a graded service area, but any part of that that was classified as urban development, as we know it, would immediately come out of that area. And when I suggest it, there is a possibility that industry could come into some of those areas that would be set aside, say, as a zone B. That poses the problem of whether they are supplying their own services or whether we exclude it from B and make it zone A. It is a question of having some legislation that you can prevent them going outside of your metropolitan area.

Q COMMISSIONER ROBISON: You know, it occurs to me in view of all this it might be wise to bring the whole assessment picture under the Assessment Act and take it out from under the City. What do you think?

A From the standpoint of uniformity, Mr. Chairman, that is one of the things that I think we would like to see achieved in the Province. It would be beneficial in that regard.

Q You raised Toronto. When they went under the metropolitan are the whole property was on a uniform basis, they did not get into anything like this.

THE CHAIRMAN: Dr. Harries, are you content to let it rest at this?

MR. HARRIES: I had one or two other questions, sir, and I am not sure that this is the time to ask them.

THE CHAIRMAN: I think we might as well have them now.

Q MR. HARRIES: In connection with the graded service areas, I wonder, sir, if you would not mind indicating the basis upon which you have defined those services which you described as general and those that you describe as specific. For example, debt charges you say should be an industry or zone B, should not be charged or charged only a fraction of such services as debt charges. Now, I wonder on what basis you would

distinguish debt charges for purposes of taxation in zone B and also in connection with public works, as I can not see in my own mind any logical distinction between these things which you term general and specific.

A Well, you are trying to differentiate, actually. In looking at a practical example of someone who is suburban, say, 5 acres or 10 acres or whatever the case may be, in their district they are normally responsible for education, they are responsible for hospitalization, and they have instead of a series of streets and a system of sewer, water and so forth, they have supplied their own systems, therefore they should not be charged with that portion of the general charges such as maintenance of roads, only a fraction of it compared with the amount that would be rightfully chargeable to a completely developed urban program. Recreation and parks, something that they have within their own confines, more or less. They may or may not want garbage collection. Supposing this area is not getting it at the present time and probably would not require it; not only that, but in order to service it it would become very costly because the pick-ups are few and far between. It is hardly fair to saddle those areas with the general debt charges. They would be saddled, of course, with the debt charges with regard to hospitalization and education in that percentage of their rates, so this is our thinking on the matter, and it would require some adjustment made

distinction: the charges for business and pleasure in town.

See in own mind and logical distinction between them.

charges which you can generally see as scientific.

Well, you are trying to differentiate, actually. In fact,

as a practical example of someone who is urban.

say, a score of 10 more or whatever the case may be, is

their answer, not a certain responsibility for charges.

are responsible for hospitalization.

instead of a score of 10 and a score of 10, which is

so, the charges are supplied by the government, these

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charges, which are not with the government, only a

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fully chargeable to a completely developed urban program.

Recreation and parks, something that they have within their

own confines, more or less. They may or may not want

garbage collection. Suppose this area is not getting it

at all, then the charges are not with the government.

not only that, but the

actually on services rendered.

Q Thank you very much, sir. I suppose you would agree with me if I made this statement, then, that aside from education and health an area that might be contiguous to a city and not logically required to pay for anything except those two services, this would follow from what you have told me, wouldn't it?

A Well, your argument is good. Of course, I think you must realize we have been influenced to a certain extent by a particular location that has been subject to a taxation of so many dollars, and until we analyze the situation we can not be sure just what the end result is, but we suggest that some sort of an arrangement could be worked out like this only as a temporary arrangement. Now, we feel in many cases it could be argued why would you request having this area come into the city? Now, this is a special case, they have come to us and said, "We are going to be the part of a large municipality and we feel we do not want to be there, by second choice we would rather you take us over." Now, they do not want to be penalized, naturally, if the city would be prepared to take them over. It is rather a special case, actually, that we are dealing with.

COMMISSIONER ROBISON:

Mr. Harries, I would like to refer you in regard to your last question to the cross-examination in the last Calgary hearings of the C.I.L. people and the ammonia plant. There is cross-examination

actually on services rendered

Thank you very much for the information.

no ill effects.

clean and beautiful. The room was very comfortable.

and not for nothing. I had a very good night's sleep.

two bedrooms, a large living room and a kitchen.

very nice.

"I, your son, am a doctor. Of course, I am a doctor.

realize we have been in the same place for a long time.

particular in the case of the children.

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this area come into the city? Now, this is a special case.

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on that very point.

MR. HARRIES:

Thank you very much, sir.

Q There is one other question I wanted to ask Mr. Strong, and it dealt with a statement or note that I had which indicated that you stated that the zone B, if it was applied to industry, might have the effect of preventing industry from going outside the city. Did I make that note correctly? I mean, that was the general purport?

A That is correct.

Q Then I was going to ask, sir, whether you thought in rural municipalities it would be reasonable to have it be the equivalent of an urban zone B. Now, let me explain what I mean. If a particular kind of industry had located in a rural area, and let us suppose it is a gas absorption plant which must be located in the middle of a gas field, do you think it would be reasonable to establish in the vicinity of that gas field principally a zone B to accommodate that industry, which could not by force of circumstance migrate to the city to take advantage of a zone B classification in a city?

A That is possible, but I think perhaps we are presuming here that because of the basis of taxation that exists in municipalities that it has an advantage over the city to begin with?

Q I was not making that assumption. Just assume on a normal taxation they are both the same but they would not be under

your zone B. That would give the city a preference. I am suggesting to you, could the municipality say to industry, "We will not assess you anything but a small part of our rate program," or "We will not assess you for certain -- that part of our mill rate which is made up of general debt charges"?

A Yes, I would say that if this is going to be, and our request is that if such a thing came to pass it would be at a Provincial level, it would apply.

Q Thank you, sir.

THE CHAIRMAN: I am going to assume that we leave these graded areas just where they are now, and that if any action or recommendation is taken -- let us preface that by saying if a more specific and more clearly defined method of making this possible occurs to the Commission that this information be forwarded to the Commission and this Commission, if and when it feels called upon to deal with this area, we will certainly seek the advice of the Assessment Department of the Government, that is, the Chief Assessor. Now, I think we will take a recess until 3.15. How many more items have you on your agenda?

MR. BREDIN: I just have one, Mr. Chairman, fiscal need.

THE CHAIRMAN: Oh, yes, demonstrated?

MR. BREDIN: Yes, demonstrated.

THE CHAIRMAN: Thanks very much.

(The Hearing then took a short recess.)

MR. BREDIN: That was the only point I had left, was the demonstrated fiscal need.

THE CHAIRMAN: Pardon me for saying so, I thought we squeezed that one pretty well yesterday. However if Mr. Commissioner Strong has some additional comments that would help us, if he would carry on now.

A THE WITNESS: Well, Mr. Chairman, as you mentioned, the field was pretty well covered yesterday, but Dr. Mayo was asking questions regarding the unconditional grant and asking how it might be weighted, and I think it was our feeling that there were probably two things that should be considered in the weighting of this grant. One is the rate of growth, that is, assuming that there is a basic per capita grant available then it should be weighted on weight of growth, and it should be weighted in addition to that to population size or grouping because I think it is generally recognized by everybody that the larger the city the higher are the unit costs of operation within certain limits.

Q THE CHAIRMAN: Well, how do you relate that to population grouping?

A Population grouping in the Province of Alberta, there are only two cities in the same population group.

Q You are referring to the area as a whole and not within a city? I thought you meant within the city.

A That is right. You have cities up to 10,000 population,

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then cities from 10,000 to 75,000.

Q COMMISSIONER DAVIES: That is the same as the Toronto principle on grants?

A Yes.

Q COMMISSIONER ROBISON: It is very uniform all over the country?

A Yes. As far as fiscal need is concerned, that, I think, would depend on such things as the fact that the Government have ordered that we make these extensions to our sewage disposal plant, things of that nature. The only thing about fiscal need that I see involves, then, an examination actually of the city's own operations, and that brings about rather a pointed question in that cities perhaps operate differently, and what is the basis of standards that would be used. For instance, in the City of Calgary our approach to, say, local improvements, is on a different basis than the City of Edmonton. In other words, the City of Calgary actually supplies certain services or the initial installation of these services and supposedly pays the cost of them out of revenue, and that is not done in Edmonton, and I am referring now specifically to the installation of water mains. The only charge we make for the installation of mains is a perpetual front charge which we succeeded in having increased two years ago from 5 cents a foot to 10 cents. In Edmonton when they instal a main in a new area they

impose an initial charge, I think it is 25 cents a foot front, for 15 years, and in addition to that they have an annual maintenance charge. I think that has been brought about, and this is rather a touchy question, but I think it has been brought about because of a different political situation that has existed between the two cities.

COMMISSIONER ROBISON: Just for the record I would like to say in Crawford's book on Municipal Government, on pages 335 and 339, there is a useful discussion of fiscal needs, if you want to look it up.

THE CHAIRMAN: I do not propose to look it up this afternoon. Well, now, that is all you wish to say?

Q MR. BROWN: On this demonstrated fiscal need, am I getting the meaning of this thing correctly? Could it not be demonstrated, Mr. Strong, that all those things in connection with the Hospital, for example, Nurses' Home, Perley Wing, boiler room, that are included in your capital expenditure projects for your 5-year plan, could they not be demonstrated as fiscal needs?

A Yes. Mr. Chairman, they could be demonstrated as fiscal needs, but on the other hand, in order to really assess that then you have to get back to your basis of unit costs. We might say we had a fiscal need for certain assistance to the hospital, and we might be required to prove it, might be told that our costs were far in excess of somebody else's costs.

imposes an initial charge, I think it is 15 cents a foot

front, for 15 years, and in addition

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about, and this is rather a costly proposition, but I think

it has been brought about because of a different

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LOUIS STUBBS, ROBINSON: I think the record I would

on this point have been

first in the

fiscal needs, if you want to

THE CHAIRMAN: I do not

up this afternoon. Well, now, what is

MR. BROWN: This

next, and I gather the meaning of this

Could it not be demonstrated, Mr. Brown, that all these

things in connection with the Hospital, for

Nurses' Home, Parley Wing, boiler room, that are

in your capital expenditure projects for your 5-year

could they not be demonstrated as fiscal needs?

Yes, Mr. Chairman.

Q That is what demonstrated is in there for, you have got to prove it.

A Of course, that is true, but the point I am getting at, it does open up the whole field for an investigation of every city's operations, as to whether they are economical or not. It brings me to the point that I have noticed ever since I came to Calgary. Now that I am out on the limb I might as well jump out on it. Having come from Saskatchewan where conditions were very tough, I have been a city engineer in two small cities and one town, and worked with the Board of Supervisors. Because of the financial condition of one city where there was more tendency to try to improve the means of revenue, and that is what I noticed in the comparison between Calgary and Edmonton, and this is perhaps a very bad thing for me to be saying, but Edmonton seemed to have made more use of more means of taxation for income. In addition to the fact that they have more revenue from their utilities, that has been fortunate in Calgary, like these water charges, like their foot frontage charges. They invoke, I think, maintenance taxes in regard to defraying costs of grading and maintenance of lanes and things of that nature. In Calgary I feel that the situation has been more political and that they keep away from that.

THE CHAIRMAN:

Those particular charges you refer to are no more popular in Edmonton than in Calgary.

A That is true, but nevertheless, the City is able to operate and perform on a little more income.

Q COMMISSIONER BLACKSTOCK: There is only one thing you can do about it, pay.

A That is right.

THE CHAIRMAN: I said this before at the previous Hearing, and I should not take time to repeat it, but I was in hopes that the Mayor or one of the Commissioners or the Solicitor would produce some really live taxpayer from somewhere in the City of Calgary, and I am sure he could be found, who would come here and say of his own volition that he did not regard the impost as excessive, that he could get value for the taxes that he paid, and that as a loyal citizen of Calgary he was very happy in the conditions under which he lived. Isn't there such a man in Calgary?

MR. BROWN: I would say that as a private citizen.

THE CHAIRMAN: That is what I want to hear from the people.

MR. BROWN: Although maybe I am prejudiced, I don't know.

THE CHAIRMAN: Since this Commission began we have had more bad news about taxes and about what is going to happen if there is a fraction of a mill added, about half the citizens of Edmonton and Calgary are going

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to go into liquidation immediately. I do not believe any such story and I do not believe that anywhere in Edmonton or in Calgary are the people being taxed unduly. That is only my own personal view, it is not the Commission's view. But I would like a cheerful note in this business somewhere.

COMMISSIONER DAVIES: Is that cheerful, sir?

THE CHAIRMAN: It is cheerful from my standpoint anyway. I am very happy when I meet up with somebody like that.

THE WITNESS: Mr. Chairman, what I said a few minutes ago I should really ask to be struck from the record because, after all, the Commissioners were sent here to convey to the Commission the council's request that amalgamation is not only one consideration.

THE CHAIRMAN: Well, all right, we have that in mind, too. Now, may we conclude that. I am anxious to get to a question that I asked Mr. Martin yesterday afternoon, and I think I am going to break in on Commissioner Strong's evidence to ask Mr. Bredin, you remember the question I asked? It was with regard to the recommendations of the City, and I commented on the fact that there were 9 or 10 pages in the original submission and there seemed to be three major financial recommendations in the supplementary brief which we have had before us yesterday and today. Now, what I asked you, Mr. Bredin, was, do the others fall by the way or are they still alive and to be

considered? What is the relationship between the two groups of recommendations?

MR. BREDIN: Well, Mr. Chairman, the addenda was, as you know, prepared subsequently and where there is any conflict, the views expressed in the addenda prevail. There are a number of recommendations made in the original brief which were not touched or affected by the addenda. For example, the question recommending a study of municipal-provincial relationships was not affected by the addenda and that recommendation we think should stand, and the suggestion that when the Province, as it has in the case of a sewage disposal plant, makes orders regarding certain capital expenditures to be carried out, then we feel there is some obligation on the Province to show where that money can come from or to provide that money. And the suggestion that planning can not be done with respect to grants at the present time because the City does not know and can not anticipate in its budget what this grant can be or will be. That recommendation with respect to that we would like to stay.

THE CHAIRMAN: Yes, that is all I was going to interrupt you about. If you have the numbers it would save us time, perhaps, and we could just indicate the numbers which you wish to receive further consideration.

MR. BREDIN: Well, No. 4 on education, sir, no specific recommendation is presented in the original

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brief, but the recommendation as to 50% must now stand.

THE CHAIRMAN: Those two, then, just mesh
one into the other?

MR. BREDIN: And No. 5, the aid to hospitals. There was no direct reference made in the addenda to that, so it stays as in the original brief.

THE CHAIRMAN: This 100% hospitalization?

MR. BREDIN: Does that appear in the original?

THE CHAIRMAN: The supplementary brief.

Are you quoting now from the original item No. 2, 50% schools, 100% hospitalization? That is in the supplementary brief.

MR. BREDIN: That is true, yes.

COMMISSIONER BLACKSTOCK: No. 5 in the original:

"It is recommended that the Province institute a comprehensive scheme of assistance to hospitals."

Now, do you wish to strike that out?

MR. BREDIN: I do not think that has been varied in the addenda. No, that is to remain.

THE WITNESS: Yes, I think that should remain. What we have actually done here is to try and simplify this, if a hospitalization scheme does not go into effect, then the unconditional grants or the other grants which the Government have already accepted responsibility for and to which they are now contributing

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would have to continue to make up to that amount.

THE CHAIRMAN: All right, Mr. Bredin.

MR. BREDIN: With respect to highways, that has been dealt with in the addenda, and that will stand in lieu of anything that is in the original brief. The recommendation of taxation on Provincial and Dominion buildings in the original brief, No. 7, that stands, and in summary the addenda does not seek to go into the same detail. In other words, an enlarged grant capable of covering a number of those items as taken is preferred, as suggested in the original brief.

THE CHAIRMAN: No. 8?

MR. BREDIN: That is more of a general statement, sir.

COMMISSIONER BLACKSTOCK: It is not numbered, is it?

MR. BREDIN: It is not numbered, no.

THE CHAIRMAN: Thanks very much.

MR. BREDIN: That is rather a hasty resume, sir.

THE CHAIRMAN: The reason for my interrupting Commissioner Strong to get this was an attempt on my part to determine whether we should conclude this Hearing this afternoon or whether we should look forward to some time in the morning. Now, I am wondering if these items that you have specified are likely to provoke discussion. I suspect that one or two of them will. I mean,

the original recommendations, you remember that we did not get to the recommendations before the close of the preceding Hearing and it seems to me that these recommendations being put forward by the City are of sufficient importance both to the Commission and to the City that they should receive a full amount of discussion if questions arise or discussion is provoked.

MR. BREDIN: Mr. Chairman, both of the Commissioners have indicated to me they have rather urgent meetings tomorrow. If it is at all possible to conclude their questioning today they are most anxious that that be done.

THE CHAIRMAN: To conclude the questions to the Commissioners I think will be possible. I presume you will submit yourself if they decide to have a session in the morning, being long suffering and anxious to co-operate? Now, then, are there questions? I have forgotten whether anybody had intimated. Mr. Davies, have you any further questions of Mr. Strong?

COMMISSIONER DAVIES: Yes, sir. Can I deal with it now?

THE CHAIRMAN: Yes, please.

Q COMMISSIONER DAVIES: I wonder, Commissioner Strong, would you tell me if it is common practice in other cities to give the community, sell water without meters, on a flat rate?

A No, Commissioner Davies, it is not. I think there are more cities serviced with meters than without.

Q Would you agree that the City of Calgary is probably one of the most fortunate cities in Canada in the set-up it has with respect to water in the Glenmore Dam?

A Yes, most fortunate.

Q In Edmonton they have to treat it. You have a wonderful receptacle, a natural basin where it runs up to the dam and piles right up near your plant. Can you give me the consumption in gallons, the per capita consumption of water in Calgary? If you can not give it to me, I have a list of some other information I need, and I will ask it on that.

A I can give you that information. Our per capita consumption averages about 150 to 175 gallons per capita.

Q Per year?

A Per year.

Q And how does that compare with other Canadian cities?

A Well, it is considerably higher. I mean, 100 gallons per capita per year is on an average a fair and reasonable consumption, that is, under metered operations.

Q And presumably council knows those figures and knows the conditions in other cities but has not seen fit to change its policy on compulsory metering, is that right?

A I wouldn't go so far as to say that. Actually, it has been a number of years since this matter was raised for

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. The text also mentions the need for regular audits to ensure that all financial data is correctly recorded and reported.

In the second part, the document outlines the procedures for handling financial data. It details the steps involved in collecting, processing, and analyzing financial information. The text stresses the importance of using reliable sources of data and following established protocols to ensure the accuracy and integrity of the financial reports.

The third part of the document focuses on the role of the finance department in the overall operations of the organization. It describes how the finance team works closely with other departments to manage the organization's financial resources and ensure that all financial obligations are met in a timely manner.

Finally, the document concludes by reiterating the importance of financial management for the long-term success of the organization. It encourages all employees to be vigilant in their financial responsibilities and to work together to maintain the highest standards of financial integrity. The text also provides a brief overview of the key findings and recommendations from the document.

council's attention and at that time it was rather an inopportune time because there were a great number of leaks in the city's mains, and it was rather an inopportune time and it was the attitude of council that they should get our own leaks repaired first before we start metering, but that situation has been taken care of and as was mentioned by Commissioner Batchelor yesterday, we are fast approaching the point where a decision must be made, and it was our intention to present this problem to council in its entirety this spring, along with our capital budget.

Q Would you agree that if the consumption of water in the City of Calgary could be brought on a reasonably comparable basis with other cities in Canada that it might reduce your capital program quite a bit for a while?

A Yes. Where the reduction will be immediately evident is in the fact that we will be able to get by with our existing plant.

Q Now, could I proceed to just one question in connection with your recommendation with respect to educational costs of 50%. Are you in a position to give the Commission what representative centres like Vancouver, Winnipeg, Toronto, received in 1954? Or under present government policies, what percentage of the cost of education they received? Because I have here before me the statistics of the Board of Education for Toronto. Now, this is the City of Toronto itself with a population of around 600,000. This is the

main City of Toronto before the Metropolitan form of government was imposed, and this report with very clear statistics indicates, for example, in 1953 that the City of Toronto through the Board of Education, that the total cost of education in the City of Toronto came to 82.7% from municipal taxation, 12.4% from provincial grant, and summary revenue 4.9%. Now, that is not apparently as large a proportion of the cost of education as in the cities of Edmonton or Calgary which has 14% or 15%.

I was wondering if you had anything from any other provinces that is more up-to-date than this 1953 report?

A I do not know whether Mr. Warren has that information or Mr. Bredin. We were intending to get that information. We thought Mr. Warren would be presenting it.

Q There have been statements made, I think, that in B.C. and Ontario the central government was paying 50% of the cost of education, and I think it has been interpreted to think right across the board with the interests as in Alberta on the very lower end of the percentages and certain other areas on the higher end. If you do get anything like that, perhaps you will send it to us.

A Yes.

MR. BREDIN: Mr. Chairman, in Mr. Hardy's report he dealt with the British Columbia information, and we based our report on the information in that report. I think you have copies of that. If you have not, we

will get them.

COMMISSIONER DAVIES: One more question.

Q Could you give me any idea when your 1954 financial statement will be through? I am canvassing whether or not the problem is whether or not when we come to dealing with our final report we should be thinking in terms of 1954 estimates instead of 1953, or if we are, how real that difference is.

A I should imagine that the 1954 statement will not be ready until about April or May, Mr. Batchelor?

MR. BATCHELOR: The published statement won't be ready then.

THE WITNESS: But there could be a statement available about then?

MR. BATCHELOR: The published statement might not be ready before July.

Q COMMISSIONER DAVIES: One other question. In view of your very rapidly growing population rate, is it right to assume that you will no doubt have to pay for a lot further capital expenditures on your hospital facilities too?

A Well, from the information that I have been able to obtain, Mr. Davies, the hospital beds per capita in Calgary are low and we are going now, of course, on information that has been furnished us by the hospital administrator. That is his feeling, that before too long

this community will require additional hospital beds.

Q I asked it because it looks very low compared with Edmonton, which has four hospitals.

A That is correct.

Q COMMISSIONER ROBISON: On hospitalization, is it not the fact, or is it, that the City has been given land on the west side, on that old C.P.R. property?

A We were not given land, Commissioner Robison. A deal was made whereby we obtained some land very cheaply and this was sort of a combined purchase and gift. This land was to be used for some public purpose of that kind, either hospital or welfare institution.

Q No firm decision?

A No firm decision on its use, but notwithstanding, it does have possibilities as a hospital site and has been considered, I think, by our administrator.

Q Was it felt that you should build another hospital on your present rate of growth within 5 years?

A It has not been projected, Commissioner, in the next 5-year capital budget.

THE CHAIRMAN: I presume that if there are questions from the floor of Commissioner Strong we ought to have them now and then the Commission will ask questions. I think Dr. Mayo said he wanted to ask some. Do you want to ask any questions, Dr. Harries?

MR. HARRIES: With the permission of the

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Commission, I should like to ask one question.

Q On page 2 of the graded service zone memorandum, the last paragraph, you mention the fact that industry is penalized to a certain extent because of freight rates and to a certain extent because of high taxes. Now, I was going to ask you whether you agree with me that one could consider freight rates and high taxes both in somewhat the same way as they would apply to the industrial attractiveness of a place like Calgary?

A Yes, I would.

Q Pardon me. I was going to say, I understand that several weeks ago certain officials of the City of Calgary, yourself among them, and certain commercial interests in Calgary, had a meeting with the Chairman of the Board of Transport Commissioners to protest the application of a new rate scale from Eastern Canada to Calgary. The basis of this protest, as I understood it, was that it would have the effect of increasing the Calgary rates from Eastern Canada by 2% over and above those rates which apply from Eastern Canada to Edmonton, and this, so it was felt by the people at that meeting, would have the effect of discouraging the location of industry in the Calgary area. Now, is that a fair statement of the position that was taken by the City of Calgary and the commercial interests in the City of Calgary?

A That is correct, Mr. Chairman. The City's interests in

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this particular problem, I mean, we are in contact with industrial people who wish to locate in the West, and we have these three things thrown up to us continually, and as you are probably aware, the City of Calgary during the past two or three years has been developing industrial land as a package deal, that is, including the land, spur track, utilities and roads, and consequently we have quite a bit of money invested and expect to have quite a bit more anticipating a fairly reasonable industrial development. But it now appears with the new freight rates that will be going into effect, these are the equalized freight rates that go into effect on the 1st of March, whereas we enjoyed from the East a uniform basis of freight rates along with Edmonton, say from Toronto. While both cities will enjoy a reduction in rates, yet Calgary's rate is now going to be higher than Edmonton's rate, which means, we feel, that they are in a more preferred position than Calgary as a result of this equalized freight rate adjustment. We have also been told that commodity rates, which will likely be adjusted at some later date, will be adjusted as a percentage of this equalized freight rate. We discussed that with the Chief Commissioner when he was here and that was the understanding, that he preferred that we actually see this in operation for a while rather than disturb it at the present time. I think as far as the City officials are concerned, we are quite concerned about

it. We think that particularly to those concerns who have businesses in both Calgary and Edmonton that it puts the similar type of business in Edmonton in a preferred category to Calgary.

Q Therefore we can conclude that it was a feeling of the commercial interests and the City of Calgary that a 2% differential on freight rates would have an adverse effect on industrial growth. Now, I think at that same meeting, Mr. Strong, evidence was given which indicated that for the major type of wholesaling which you have in the City of Calgary freight rates represented 10% of the cost of land and goods in Calgary. Is that correct, sir?

A That is correct.

Q And so therefore one could conclude that the increase that was concerned was 2% of 10% of the gross sales of the average type of commercial enterprise in Calgary which, if my arithmetic is correct, indicates that you are concerned with a change or a difference of approximately one-twentieth of 1%. The point I wish to make, and I think you will agree with me, is that this difference, although it is very, very small, was important as far as industrial location was concerned?

A Yes, we are satisfied even with that difference, based on the percentage of the cost of freight, is detrimental. We already had an immediate reaction from one particular concern who were just biding their time.

Q MR. MACKINTOSH: Mr. Chairman, there is one point, I do not want to dwell on it or take up the time of the Commission, does the terms of reference of the Royal Commission take into consideration the impact of civil defence expenditures on the municipal mill rate?

Q THE CHAIRMAN: Had you better refer this to Mr. Batchelor or can you answer it?

A Well, Mayor Mackintosh's question was addressed to the Commission.

MR. MACKINTOSH: Is it within the terms of reference of the Commission to consider matters concerning civil defence with its relation to the city and satellites?

THE CHAIRMAN: We have thought that the civil defence people might be interested in making some reference to the Commission but they have not done so. and have stated that they do not intend to do so, otherwise I presume the Commission could interpret it as being within its terms of reference.

MR. MACKINTOSH: Thank you, sir. I did not wish to pursue the matter. I thought in view of one of the conditions it might be a major expense within the near future.

THE CHAIRMAN: Now, then, I think, Dr. Mayo, perhaps you could have your chance.

Q DR. MAYO: Royal Commissioner Strong, the first thing I wish to ask about is for one or two

bits of further information on the matters that have been filed with the Commission. One of the exhibits, Exhibit 39-C, also repeated in this addenda, I believe, gives the list of exempted properties in the City of Calgary. Now, those for the Government of Canada are broken down to show the particular properties for which the City receives a grant from the Federal Government in lieu of taxes. Those for the Province of Alberta, however, are not broken down. I wonder if you could break that entry down and supply it to the Commission later. What you do show is the Liquor Vendor's property for which you receive grants in lieu of taxes, but you added this morning, sir, I believe a point that the Province also pays a grant for the Marketing Board property, which does not show.

A I understand that is not correct.

MR. BREDIN: We found out since that information was not correct, these are all the grants that are paid.

Q DR, MAYO: That clears that up, then. So my request reduces to a breakdown of the Provincial Government exemptions?

A Provindial Government.

Q My next question is on this point of exemptions. I am not altogether clear whether the City recommendation with regard to the exemption of Federal Government property has covered all the points, so I am asking that you do

cover them, and as I shall mention to you in a minute, you can let us know, perhaps later, if you can not give a reply at once now. It is this: You told us, I believe, that the City pays in Federal sales tax something like \$360,000.00 a year?

A That has been true for the last couple of years.

Q Yes. Now, the City also gets some grant from the Federal Government in lieu of taxes, shown in the exhibits?

A Yes.

Q The City also has an agreement through the School Board regarding the cost of education with the Currie Barracks agreement with the Federal Government. City utilities are also in a preferred position insofar as Federal income taxes are concerned?

A Yes.

Q This statement was made by Commissioner Batchelor?

A That is right.

Q Now, your main recommendation is that the sales tax be abolished as far as the municipality is concerned, and that through this Commission recommendations be made to the Provincial Government that the Federal Government should pay grants, should pay full grants equal to the Municipal taxation which the Federal Government would properly pay if it were a private corporation. What I am asking is, have you made calculations to show that you would, in fact, be substantially better off if this

recommendation were implemented? If your civic utility profits had to pay full Federal income tax,, would that not be logical if you as a municipality taxed Federal Government property?

A You have a very good point. We have not assessed it from the standpoint of one playing off against the other.

Q You see the general argument. If you treat one set of Crown property as private property, then they are entitled to treat your municipality as if you were a private corporation. Is that not substantially reasonable?

A That is reasonable.

Q You see, the Currie Barracks agreement over education, for example, if that were wiped out and the Federal Government did not pay that cost to a great extent, it would throw out your education costs as well. These exemptions seem to be tied up with sales tax, income tax, and municipal and utilities, and more or less with the Department of National Defence. I am not quite sure that all those applications have been explained in the City's recommendation and that the recommendation might be the same had those points been explored. Now, is it too big a job to go into that?

A No, that is not too difficult a job. We could check many of these things individually and check one against the other. The point you have raised about assessing utilities with income tax is one thing I think we would

take considerable issue on. I am not prepared at this time to argue the pros and cons.

Q No, I realize that. Well, on exemptions, I take it so far as Federal Government property is concerned, your recommendation is quite clear that the Provincial Government should pay grants in lieu of full municipal taxation on all Provincial Government property, is that correct?

A Yes, that is included in the recommendation.

Q This distinction between commercial and non-commercial property should be widened?

A That is right.

Q On the question of other exempted property other than the two senior governments, you are, on the other hand, not prepared to make any further recommendations?

A You mean with regard to schools?

Q Yes, with regard to charitable organizations as well as churches and so on? You have no firm recommendation there to make?

A You mean as to whether we should abolish them or continue them?

Q Or reduce them?

A Well, I think that many of those are because of their nature, I think are essential. It is a matter that our council has gone into very carefully within the last year or two, and I think they would be prepared to want to stand behind --

Q I am just getting the recommendation clear, Commissioner Strong.

A We are not considering those.

Q You are not considering that the Commission make any recommendation about those at all?

A No.

Q Thank you. That is all I have on the subject.

THE CHAIRMAN: Have you anything else, Mr. Blackstock?

COMMISSIONER BLACKSTOCK: Nothing.

THE CHAIRMAN: Mr. Robison?

Q COMMISSIONER ROBISON: Just that question I asked you yesterday, Commissioner Strong, you remember, about the number of buildings that may have been condemned or partially condemned in the City of Calgary. I understand there are 130 odd.

A I have never checked the total number. What was that in connection with?

Q That would affect your assessment picture. If you have not got any information on it I will pass it because I can get the information through the Fire Department.

A You want the total amount of money involved as a result of condemnation?

Q That is right.

A No, I haven't got that.

Q In addition to exemptions, you would have this other

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category?

A Yes.

Q Condemned buildings where the owners can not do any repairs or major improvements on them, they just disappear. I understand a great many buildings in Edmonton have been dealt with in that way.

A The only comment I can make is that I do not think we have very many at the moment.

Q No, I am quite sure we haven't.

DR. MAYO: May I raise one other point?

THE CHAIRMAN: Yes.

Q DR. MAYO: I am far from being altogether happy about the relation between the main recommendations and those in the subsequent addenda, and may I give one example to show a discrepancy which I do not think has been sufficiently cleared up, and it is that of highways, Commissioner Strong. If you refer to the main brief on page 75 (6) -- no, I am sorry, that is the wrong page.

A 36?

Q 36. The recommendation gets down there to substantially this, that the Province should pay to the City a percentage of the licensing revenue which the City once derived, and which represents a fair tax against the owner of the vehicle. Now, licensing revenue does not mean gasoline tax, it means automobile licenses and possibly also the

driving license. Now, in the addenda it is clear that this argument is forgotten and what is suggested is 50% of the cost of certain highways. Is that not true, Commissioner Strong?

A Yes, that is correct. I think the point is this, Dr. Mayo, that in this additional brief I think it is drawing to the attention of the Commission all those fields of taxation in which the Government has participated and contributed to the City, and also it includes some of those which the City ought to have at one time or did have at one time. It is all done for the purpose of establishing the fact that the City has an obligation, and what we have tried to do, and perhaps we have oversimplified it in this final statement, that we have predicated this on the fact that rather than the Government transferring some of those fields of taxation to the urban centres we would rather it was an over-all picture, but having established the fact that they have an obligation to perform, we would then try to bring it down into as simple a form as possible, but nevertheless, it does not mean we throw all these out, they are still there as an argument basically for financial assistance to the City.

COMMISSIONER ROBISON: Excuse me, Dr. Mayo. I am confused on one point, if you do not mind.

DR. MAYO: Yes, Commissioner Robison?

Q COMMISSIONER ROBISON: I thought this original brief came to a firm recommendation, and then as a result of the cross-examination here at the last Sittings and the questions asked of you by the Commissioners, you have provided this addendum which is to be read in conjunction with and in addition to your original recommendations. Now, is that correct?

A I would like to read you this sentence, if I may, in the addendum, Commissioner Robison:

"We have not dwelt on these items....."

it is on page 2, There are many other fields of responsibility where it can be worked with enough assistance provided, police, social welfare, payment of taxes on Government owned properties and others, we have not dwelt on those.

"In particular, since the end result is the same, no matter what basis of grant is used."

Q DR. MAYO: May I interject there. I am afraid it is not very clear and it is not altogether true that all that matters in the municipal government or a municipal grant is the end result. The method of arriving at this result is extremely important. For example, the method of allocating "x" million dollars of Provincial revenue to the municipalities of Alberta is extremely important and it is the basis on which the aid is calculated that is likely to be of most concern to the Provincial Government.

A For example, what kind of a case?

Q When we come to a recommendation for assistance towards certain types of highways should be 50%. Now, where is the argument of the City of Calgary that it should be 50%, and 50%, not more, not less?

A I think we say "not less than 50%".

Q Why not less than 50%? What is the rationale of this argument?

A Well, Dr. Mayo, while we have not indicated the specific reason for it there, in other Commissions and in other recommendations that have been made across the country that figure has turned up to be a fairly common figure which we think the Government will be inclined, perhaps, to approve. As was explained here, we remark on individual merit in these cases at the present time which we find very unsatisfactory as far as being able to plan.

Q Yes, that I see, Commissioner Strong, but I am trying to get at the same problem that you are getting at, and it is this: How can we get away from an ad hoc temporary solution to some of these problems and put them on a more permanent basis. We are reaching for the same things. I would think the recommendations would be designed to bring orderly development into the financing of the two metropolitan areas. Is that 50% of that item is likely to be enough for the City for 5 or 10 years?

A Yes. We ourselves find that the 50% in our negotiations

that we have had to date, they have not approached 50% but they have not been too far removed from that in some instances, Now, I think we have, perhaps, in order to substantiate our request, we have established the fact that Metropolitan Toronto had, I think possibly a 50% assistance from the Provincial Government to metropolitan roads. We feel a standard that has been set up somewhere else is perhaps more likely to be adopted.

Q You think this same item might apply to 50% of the cost of education?

A Unfortunately, yes.

Q And to 100% of hospitalization?

A Yes, it could. The only thing is --

Q Excuse me. And at the end, after all, you will still stand the need of a large unconditional grant at some time to make up the deficit?

A Yes. I think the figures we have presented are reasonably accurate. I would say they are hypothetical but still --

Q Yes, but what is the logic behind 50% of taxation costs and 50% on certain highways?

A Well, all we are doing is trying to establish a basis similar to the thought that is going through your own mind.

Q Please do not misunderstand me, I am not being critical, what I want is your help, and this is what this Commission wants. I am merely suggesting that this is only one

possibility of orderly business, can this one be justified in all its various parts and in toto with good argument?

A You mean, 50% of the highways?

Q Yes. What is the point of saying 50% of the cost of education, and on the other hand saying 100% of hospitalization?

A Well, you know, of course, Dr. Mayo, there has been a brief presented on hospitalization. I would like to make this as a statement, which I think is a statement which our council would like to keep impressing on the Commission, and that is the fact that the Province of Alberta is in a better position than any other Province or country in the wide world financially.

Q Fortunately. Very fortunately, true.

A From a hospitalization standpoint there is no Province or country that is in a better position to put into effect a Provincial-wide hospitalization scheme.

Q Is that more true of hospitalization than of education or highways or some other municipal functions, welfare, for example?

A Not necessarily welfare. I think welfare and hospitalization are akin. As far as education is concerned it can be argued, I mean, by legal authorities -- it has been suggested by Commissioner Batchelor just as means of getting so many dollars the Government might contribute. The Government might contribute 100% to education,

the local authorities might like to fall within 50% interest in the administration of education.

Q But, you see, unfortunately the hospital brief pointed out, and the examination pointed out, that even with 100% of the cost being borne by the Province, that the locality had a strong stake in hospital administration, so that it is not impossible, therefore, to argue that you could have a local school board even though the percentage paid by the Province was 100%.

A That is true.

COMMISSIONER DAVIES: The only difference there is that when people get 100% of the cost of hospitalization they are thinking in terms of minimum charges, that is, for wards, so it would still leave it beyond the public ward charges and all those people who can not qualify because they have not been in the Province long enough, and all those other things, the hospital board has to look after.

Q DR. MAYO: But it was to take substantially all of the mill rate off the municipality down to 1 mill, something like that.

A That would depend on the type of scheme in force. I think the Saskatchewan scheme picks it up completely, do they not?

COMMISSIONER DAVIES: From what we got from Saskatchewan, I will speak for myself, in the first place you have to be resident in Saskatchewan for a year in order

to be able to qualify. That immediately casts aside from the scheme all those who have not been there for a year. In the second place, I do not understand the Saskatchewan scheme provided private wards and semi-private wards, I understood it was on the minimum basis.

A Oh, yes, I think that is right.

Q DR. MAYO: Those private wards are not losers for the hospital, they are higher than they should be in order to pick up a little revenue for the hospital. I do not think I need burden this question, Mr. Chairman, but certainly I would appreciate very much if on some of these points we should find it necessary later to get in touch with the City of Calgary, that they would be prepared to justify some of the recommendations in more detail.

A You feel we could be little more explicit?

THE CHAIRMAN: The time for adjournment has arrived, but, as you have heard earlier, the Commissioners will find it very inconvenient, if not impossible, to be here tomorrow; therefore, if there is any other question to be put to Mr. Strong it should be forthcoming now.

MR. MAVEETY: I would like one question answered, sir.

Q Where you charge the City of Calgary to get a cross-section of the assessment, I believe, of both Forest Lawn and Bowness. Now, I noted there was some check

made in Forest Lawn but I do not see any result has been laid before this Commission. Have you that information or was it given to you, sir?

Q THE CHAIRMAN: You are referring to the three long sheets in the addendum, is that right, so far as Bowness is concerned?

A THE WITNESS: I believe, Mr. Chairman, that while Forest Lawn may have been mentioned at the time, we just asked our assessor to go to Bowness.

MR. BREDIN: I think that was all that was asked for was Bowness. I think that is all we furnished.

THE CHAIRMAN: Mayor Maveety, I do not recollect the circumstances sufficiently to arbitrate on this matter. We might consult the transcript, but you can understand that the City authorities have these properties that have been described and even photographed in Bowness in order to point out what the Bowness brief said. They had the Assessor make these assessments, and then there was included in the office the taxes on two pieces of the improved and unimproved in the Calgary system. Now, I do not know how we could do that as far as Forest Lawn is concerned. I mean, where would you send your Assessor, how would you make an assessment?

MR. MAVEETY: Our brief is made up more or less the same way, then one day when I came home my wife said somebody who claimed he was representing the

City of Calgary was around making an assessment of the residence that I am living in, rented property, so I gathered that they had been up there.

COMMISSIONER ROBISON: The Assessment Department may have been doing some spot checks in Forest Lawn on its own. They have done other spot checks.

THE CHAIRMAN: Well, Mr. Maveety, it is too late now, there is not any possibility of our having it for the Calgary Hearings. If you could successfully negotiate with the City to have any checks on property there and have that forwarded to the Commission we would be very glad to attach it to this addendum which includes the instances from Bowness. That is the best I think I could promise you.

MR. MAVEETY: Thank you, sir.

THE CHAIRMAN: Now, the Commission will be sitting tomorrow morning at the usual time and if there are any tag ends such as any matters which may have been overlooked, such as this one, and further discussion, anything with regard to the recommendations of the City will be dealt with. That is all of which I have any note at the moment.

MR. STRONG: I have here a few extra notes on this summary of Calgary Power. I believe I distributed a few when I came in.

THE CHAIRMAN: We have not had any communi-

cation from the Labour Progressive Party in support of the brief which was filed with us, although our Secretary has tried to get in touch with Mr. Wittig. If any of you are in touch with him, or if you think that there is any point in our trying further to get in touch with him, that there will be time tomorrow to have this presentation.

COMMISSIONER ROBISON: He was up to a meeting last night, I imagine. If he was interested enough he could have been here.

COMMISSIONER HAYES: If there are any friends of the Party here they might notify him.

THE CHAIRMAN: I thought that might be a fair inference from what I said without actually putting them down.

COMMISSIONER DAVIES: In the absence of a hearing from this party, in person or otherwise, should we mark the brief and have it put in the record now?

THE CHAIRMAN: Or giving him the opportunity tomorrow but not forgetting to have it properly numbered before the Hearing adjourns.

COMMISSIONER ROBISON: Mr. Chairman, I point out that in Edmonton the brief, as here, they did not appear but the Secretary read it into the record.

THE CHAIRMAN: Well, tomorrow morning -- Mr. McGruther, if you feel moved, seeing that you do not know the friends of the party who are here, if you feel

moved to once more contact him, it will be all right. In the event of the time of adjournment coming near I shall have the submission read into the record and received in that way. We will adjourn.

(The Hearing adjourned until 9.45 A.M.,
February 3rd, 1955.)

